







**BEFORE THE PUBLIC SERVICE COMMISSION**

**COMMONWEALTH OF KENTUCKY**

**APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR AN ADJUSTMENT )  
OF RATES AND TARIFF MODIFICATIONS )**

**Case No. 2015-00343**

**JAMES H. VANDER WEIDE, PH.D.**

**RATE OF RETURN**

**ATMOS ENERGY CORPORATION  
RATE OF RETURN**

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1 **I. WITNESS IDENTIFICATION**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 A. My name is James H. Vander Weide. I am Research Professor of Finance and  
4 Economics at Duke University, the Fuqua School of Business. I am also President  
5 of Financial Strategy Associates, a firm that provides strategic and financial  
6 consulting services to business clients. My business address is 3606 Stoneybrook  
7 Drive, Durham, North Carolina.

8 **Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL  
9 BACKGROUND AND PRIOR ACADEMIC EXPERIENCE?**

10 A. I graduated from Cornell University with a Bachelor's Degree in Economics and  
11 from Northwestern University with a Ph.D. in Finance. After joining the faculty  
12 of the School of Business at Duke University, I was named Assistant Professor,  
13 Associate Professor, and then Professor. I have published research in the areas of  
14 finance and economics and taught courses in corporate finance, investment  
15 management, and management of financial institutions at Duke for more than  
16 thirty-five years. My research publications and teaching experience are described  
17 in Appendix 1. I am now retired from my teaching duties at Duke.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED ON FINANCIAL OR  
19 ECONOMIC ISSUES?**

20 A. As an expert on financial and economic theory and practice, I have participated in  
21 more than 400 regulatory and legal proceedings before the public service  
22 commissions of forty-three states and four Canadian provinces, the Federal  
23 Energy Regulatory Commission, the National Energy Board (Canada), the

1 Federal Communications Commission, the Canadian Radio-Television and  
2 Telecommunications Commission, the U.S. Congress, the National  
3 Telecommunications and Information Administration, the insurance commissions  
4 of five states, the Iowa State Board of Tax Review, and the North Carolina  
5 Property Tax Commission. In addition, I have prepared expert testimony in  
6 proceedings before the U.S. District Court for the District of Nebraska; the U.S.  
7 District Court for the District of New Hampshire; the U.S. District Court for the  
8 District of Northern Illinois; the U.S. District Court for the Eastern District of  
9 North Carolina; the Montana Second Judicial District Court, Silver Bow County;  
10 the U.S. District Court for the Northern District of California; the Superior Court,  
11 North Carolina; the U.S. Bankruptcy Court for the Southern District of West  
12 Virginia; and the U. S. District Court for the Eastern District of Michigan.

13  
14 **II. PURPOSE OF TESTIMONY**

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. I have been asked by Atmos Energy Corporation (“Atmos Energy” or “the  
17 Company”) to prepare an independent appraisal of its cost of equity capital and to  
18 recommend a rate of return on equity that is fair, that allows Atmos Energy to  
19 attract capital on reasonable terms, and that allows Atmos Energy to maintain its  
20 financial integrity.

21 **Q. HOW DO YOU ESTIMATE ATMOS ENERGY’S COST OF EQUITY?**

22 A. I estimate Atmos Energy’s cost of equity by applying several standard cost of  
23 equity estimation techniques, including the discounted cash flow (“DCF”) model,

1 the risk premium method, and the Capital Asset Pricing Model (“CAPM”) to  
2 proxy groups of comparable risk utilities.

3 **Q. WHY DO YOU APPLY YOUR COST OF EQUITY METHODS TO**  
4 **PROXY GROUPS OF UTILITIES RATHER THAN SOLELY TO ATMOS**  
5 **ENERGY?**

6 A. I apply my cost of equity methods to proxy groups of utilities because standard  
7 cost of equity methodologies such as the DCF, risk premium, and CAPM require  
8 inputs of quantities that are not easily measured. Since these inputs can only be  
9 estimated, there is naturally some degree of uncertainty surrounding the estimate  
10 of the cost of equity for each company. However, the uncertainty in the estimate  
11 of the cost of equity for an individual company can be greatly reduced by  
12 applying cost of equity methodologies to one or more samples of comparable  
13 companies. Intuitively, unusually high estimates for some individual companies  
14 are offset by unusually low estimates for other individual companies. Thus,  
15 financial economists invariably apply cost of equity methodologies to one or more  
16 groups of comparable companies. In utility regulation, the practice of using  
17 comparable companies is further supported by the United States Supreme Court  
18 standard that the utility should be allowed to earn a return on its investment that is  
19 commensurate with returns being earned on other investments of similar risk (*see*  
20 *Bluefield Water Works and Improvement Co. v. Public Service Comm’n.* 262 U.S.  
21 679, 692 (1923) and *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S.  
22 561, 603 (1944)).



1 Q. WHAT COST OF EQUITY DO YOU FIND FOR YOUR COMPARABLE  
2 COMPANIES IN THIS PROCEEDING?

3 A. I find that the cost of equity for my comparable companies is in the range of  
4 9.7 percent to 11.1 percent, with an average result of 10.5 percent.

5 Q. WHAT IS YOUR RECOMMENDATION REGARDING ATMOS  
6 ENERGY'S FAIR RATE OF RETURN ON COMMON EQUITY?

7 A. I conservatively recommend that Atmos Energy be allowed a fair rate of return on  
8 common equity equal to 10.5 percent.

9 Q. WHY IS YOUR RECOMMENDED RETURN ON EQUITY  
10 CONSERVATIVE?

11 A. My recommended return on equity is conservative because the financial risk of  
12 my comparable companies, which is based on the equity ratio resulting from the  
13 market values of their equity and debt, is less than the financial risk implied by  
14 the lower equity ratio in Atmos Energy's ratemaking capital structure, which is  
15 based on its book values of equity and debt.

16 Q. DO YOU HAVE AN EXHIBIT TO ACCOMPANY YOUR TESTIMONY?

17 A. Yes. I sponsor Exhibit JWV-1, consisting of nine schedules and five appendices  
18 that were prepared by me or under my direction and supervision.

19

20 **III. ECONOMIC AND LEGAL PRINCIPLES**

21 Q. HOW DO ECONOMISTS DEFINE THE REQUIRED RATE OF RETURN,  
22 OR COST OF CAPITAL, ASSOCIATED WITH PARTICULAR

1           **INVESTMENT DECISIONS SUCH AS THE DECISION TO INVEST IN**  
2           **NATURAL GAS DISTRIBUTION FACILITIES?**

3    A.    Economists define the cost of capital as the return investors expect to receive on  
4           alternative investments of comparable risk.

5    **Q.    HOW DOES THE COST OF CAPITAL AFFECT A FIRM'S**  
6           **INVESTMENT DECISIONS?**

7    A.    The goal of a firm is to maximize the value of the firm. This goal can be  
8           accomplished by accepting all investments in plant and equipment with an  
9           expected rate of return greater than or equal to the cost of capital. Thus, a firm  
10          should continue to invest in plant and equipment only so long as the return on its  
11          investment is greater than or equal to its cost of capital.

12   **Q.    HOW DOES THE COST OF CAPITAL AFFECT INVESTORS'**  
13          **WILLINGNESS TO INVEST IN A COMPANY?**

14   A.    The cost of capital measures the return investors can expect on investments of  
15          comparable risk. The cost of capital also measures the investor's required rate of  
16          return on investment because rational investors will not invest in a particular  
17          investment opportunity if the expected return on that opportunity is less than the  
18          cost of capital. Thus, the cost of capital is a hurdle rate for both investors and the  
19          firm.

20   **Q.    DO ALL INVESTORS HAVE THE SAME POSITION IN THE FIRM?**

21   A.    No. Debt investors have a fixed claim on a firm's assets and income that must be  
22          paid prior to any payment to the firm's equity investors. Since the firm's equity  
23          investors have a residual claim on the firm's assets and income, equity

1 investments are riskier than debt investments. Thus, the cost of equity exceeds the  
2 cost of debt.

3 **Q. WHAT IS THE ECONOMIC DEFINITION OF THE COST OF EQUITY?**

4 A. As I noted above, the cost of equity is the return investors expect to receive on  
5 alternative equity investments of comparable risk. Since the return on an equity  
6 investment of comparable risk is not a contractual return, the cost of equity is  
7 more difficult to measure than the cost of debt. However, as I have already noted,  
8 the cost of equity is greater than the cost of debt. The cost of equity, like the cost  
9 of debt, is both forward looking and market based.

10 **Q. HOW DO ECONOMISTS MEASURE THE PERCENTAGES OF DEBT  
11 AND EQUITY IN A FIRM'S CAPITAL STRUCTURE?**

12 A. Economists measure the percentages of debt and equity in a firm's capital  
13 structure by first calculating the market value of the firm's debt and the market  
14 value of its equity. Economists then calculate the percentage of debt by the ratio  
15 of the market value of debt to the combined market value of debt and equity, and  
16 the percentage of equity by the ratio of the market value of equity to the combined  
17 market values of debt and equity. For example, if a firm's debt has a market value  
18 of \$25 million and its equity has a market value of \$75 million, then its total  
19 market capitalization is \$100 million, and its capital structure contains 25 percent  
20 debt and 75 percent equity.

21 **Q. WHY DO ECONOMISTS MEASURE A FIRM'S CAPITAL STRUCTURE  
22 IN TERMS OF THE MARKET VALUES OF ITS DEBT AND EQUITY?**

23

1 A. Economists measure a firm's capital structure in terms of the market values of its  
2 debt and equity because:(1) the weighted average cost of capital is defined as the  
3 return investors expect to earn on a portfolio of the company's debt and equity  
4 securities; (2) investors measure the expected return and risk on their portfolios  
5 using market value weights, not book value weights; and (3) market values are the  
6 best measures of the amounts of debt and equity investors have invested in the  
7 company on a going forward basis.

8 **Q. WHY DO INVESTORS MEASURE THE EXPECTED RETURN AND**  
9 **RISK ON THEIR INVESTMENT PORTFOLIOS USING MARKET**  
10 **VALUE WEIGHTS RATHER THAN BOOK VALUE WEIGHTS?**

11 A. Investors measure the expected return and risk on their investment portfolios  
12 using market value weights because market values are the best measure of the  
13 amounts the investors currently have invested in each security in the portfolio.  
14 From the point of view of investors, the historical cost or book value of their  
15 investment is irrelevant for the purpose of assessing the current risk and required  
16 return on their portfolios because if they were to sell their investments, they  
17 would receive market value, not historical cost. Thus, the return can only be  
18 measured in terms of market values.

19 **Q. IS THE ECONOMIC DEFINITION OF THE WEIGHTED AVERAGE**  
20 **COST OF CAPITAL CONSISTENT WITH REGULATORS'**  
21 **TRADITIONAL DEFINITION OF THE AVERAGE COST OF CAPITAL?**

22 A. No. The economic definition of the weighted average cost of capital is based on  
23 the market costs of debt and equity, the market value percentages of debt and

1 equity in a company's capital structure, and the future expected risk of investing  
2 in the company. In contrast, regulators have traditionally defined the weighted  
3 average cost of capital using the embedded cost of debt and the book values of  
4 debt and equity in a company's capital structure.

5 **Q. ARE THESE ECONOMIC PRINCIPLES REGARDING THE FAIR**  
6 **RETURN FOR CAPITAL RECOGNIZED IN ANY SUPREME COURT**  
7 **CASES?**

8 A. Yes. These economic principles, relating to the supply of and demand for capital,  
9 are recognized in two United States Supreme Court cases:(1) *Bluefield Water*  
10 *Works and Improvement Co. v. Public Service Comm'n.*; and (2) *Federal Power*  
11 *Comm'n v. Hope Natural Gas Co.* In the *Bluefield Water Works* case, the Court  
12 states:

13 A public utility is entitled to such rates as will permit it to earn a  
14 return upon the value of the property which it employs for the  
15 convenience of the public equal to that generally being made at the  
16 same time and in the same general part of the country on  
17 investments in other business undertakings which are attended by  
18 corresponding risks and uncertainties, but it has no constitutional  
19 right to profits such as are realized or anticipated in highly profitable  
20 enterprises or speculative ventures. The return...should be  
21 reasonably sufficient to assure confidence in the financial soundness  
22 of the utility, and should be adequate, under efficient and  
23 economical management, to maintain and support its credit, and  
24 enable it to raise the money necessary for the proper discharge of its  
25 public duties. [*Bluefield Water Works and Improvement Co. v.*  
26 *Public Service Comm'n.* 262 U.S. 679, 692 (1923)].

27 The Court clearly recognizes here that:(1) a regulated firm cannot remain  
28 financially sound unless the return it is allowed an opportunity to earn on the  
29 value of its property is at least equal to the cost of capital (the principle relating to  
30 the demand for capital); and (2) a regulated firm will not be able to attract capital

1 if it does not offer investors an opportunity to earn a return on their investment  
2 equal to the return they expect to earn on other investments of the same risk (the  
3 principle relating to the supply of capital).

4 In the *Hope Natural Gas* case, the Court reiterates the financial soundness  
5 and capital attraction principles of the *Bluefield* case:

6 From the investor or company point of view it is important that there  
7 be enough revenue not only for operating expenses but also for the  
8 capital costs of the business. These include service on the debt and  
9 dividends on the stock...By that standard the return to the equity  
10 owner should be commensurate with returns on investments in other  
11 enterprises having corresponding risks. That return, moreover,  
12 should be sufficient to assure confidence in the financial integrity of  
13 the enterprise, so as to maintain its credit and to attract capital.  
14 [*Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591,  
15 603 (1944)]

16  
17 **IV. BUSINESS AND FINANCIAL RISKS IN THE NATURAL GAS**  
18 **DISTRIBUTION INDUSTRY**

19 **Q. ARE THE RETURNS ON INVESTMENT OPPORTUNITIES, SUCH AS**  
20 **AN INVESTMENT IN ATMOS ENERGY, KNOWN WITH CERTAINTY**  
21 **AT THE TIME AN INVESTMENT IS MADE?**

22 **A.** No. The return on an investment in a company depends on the company's  
23 expected future cash flows over the life of the investment. Since the company's  
24 expected future cash flows are uncertain at the time the investment is made, the  
25 return on the investment is also uncertain.

26 **Q. AS YOU DISCUSS ABOVE, INVESTORS REQUIRE A RETURN ON**  
27 **INVESTMENT THAT IS EQUAL TO THE RETURN THEY EXPECT TO**  
28 **RECEIVE ON OTHER INVESTMENTS OF SIMILAR RISK. DOES THE**

1           **REQUIRED RETURN ON AN INVESTMENT DEPEND ON THE RISK**  
2           **OF THAT INVESTMENT?**

3    A.    Yes. Since investors are averse to risk, they require a higher rate of return on  
4           investments with greater risk

5    **Q.    WHAT FUNDAMENTAL RISK DO INVESTORS FACE WHEN THEY**  
6           **INVEST IN A COMPANY SUCH AS ATMOS ENERGY?**

7    A.    Investors face the fundamental risk that their realized, or actual, return on  
8           investment will be less than their required return on investment

9    **Q.    HOW DO INVESTORS MEASURE INVESTMENT RISK?**

10   A.    Investors generally measure investment risk by estimating the probability, or  
11           likelihood, of earning less than the required return on investment. For investments  
12           or projects with potential returns distributed symmetrically about the expected, or  
13           mean, return, investors can also measure investment risk by estimating the  
14           variance, or volatility, of the potential return on investment.

15   **Q.    DO INVESTORS DISTINGUISH BETWEEN BUSINESS AND**  
16           **FINANCIAL RISK?**

17   A.    Yes. Business risk is the underlying risk that investors will earn less than their  
18           required return on investment when the investment is financed entirely with  
19           equity. Financial risk is the additional risk of earning less than the required return  
20           when the investment is financed with both fixed-cost debt and equity.

21   **Q.    WHAT ARE THE PRIMARY DETERMINANTS OF A NATURAL GAS**  
22           **UTILITY'S BUSINESS RISK?**

1 A. The business risk of investing in natural gas utilities such as Atmos Energy is  
2 caused by: (1) demand uncertainty; (2) operating expense uncertainty;  
3 (3) investment cost uncertainty; (4) high operating leverage; and (5) regulatory  
4 uncertainty.

5 **Q. HOW DOES DEMAND UNCERTAINTY AFFECT A NATURAL GAS**  
6 **UTILITY'S BUSINESS RISK?**

7 A. Demand uncertainty affects a natural gas utility's business risk through its impact  
8 on the variability of the company's revenues and its return on investment. The  
9 greater the uncertainty in demand, the greater is the uncertainty in the company's  
10 revenues and its return on investment.

11 **Q. WHAT CAUSES THE DEMAND FOR NATURAL GAS DISTRIBUTION**  
12 **SERVICES TO BE UNCERTAIN?**

13 A. Demand uncertainty is caused by the sensitivity of demand to: (1) the state of the  
14 economy and population growth; (2) fluctuations in temperatures during the peak  
15 heating season; (3) changes in rates; (4) customer efforts to conserve energy;  
16 (5) the ability of customers to switch to alternative sources of energy such as  
17 electricity or propane; (6) customer use of more efficient appliances; and  
18 (7) potential service interruptions due to accidents or natural disasters.

19 **Q. WHY ARE A NATURAL GAS UTILITY'S OPERATING EXPENSES**  
20 **UNCERTAIN?**

21 A. Operating expense uncertainty arises as a result of variability in (1) purchased gas  
22 costs; (2) pipeline capacity costs; (3) employee-related costs such as salaries and



1 wages, pensions, and insurance; (4) maintenance and materials costs; (5) customer  
2 billing and accounting expenses; and (6) bad debt expenses.

3 **Q. WHY ARE A NATURAL GAS UTILITY'S INVESTMENT COSTS**  
4 **UNCERTAIN?**

5 A. The natural gas utility business requires large investments in the storage and  
6 distribution facilities required to deliver natural gas to customers. The future  
7 amounts of required investment in storage and distribution facilities are uncertain  
8 due to uncertainty regarding: (1) long-run demand; (2) costs of complying with  
9 environmental, health, and safety laws and regulations; (3) costs to maintain and  
10 replace aging plant and equipment; and (4) costs required to assure adequate  
11 natural gas supply to meet forecasted demand.

12 **Q. YOU NOTE ABOVE THAT HIGH OPERATING LEVERAGE**  
13 **CONTRIBUTES TO THE BUSINESS RISK OF UTILITIES. WHAT IS**  
14 **OPERATING LEVERAGE?**

15 A. Operating leverage is the increased sensitivity of a company's earnings to sales  
16 variability that arises when some of the company's costs are fixed.

17 **Q. HOW DO ECONOMISTS MEASURE OPERATING LEVERAGE?**

18 A. Economists typically measure operating leverage by the ratio of a company's  
19 fixed expenses to its operating margin (revenues minus variable expenses).

20 **Q. WHAT IS THE DIFFERENCE BETWEEN FIXED AND VARIABLE**  
21 **EXPENSES?**

22 A. Fixed expenses are expenses that do not vary with output, and variable expenses  
23 are expenses that vary directly with output. For natural gas utilities, fixed

1 expenses include the fixed component of operating and maintenance costs,  
2 depreciation and amortization, and taxes.

3 **Q. DO NATURAL GAS UTILITIES TYPICALLY EXPERIENCE HIGH**  
4 **OPERATING LEVERAGE?**

5 A. Yes. As noted above, operating leverage increases when a firm's commitment to  
6 fixed costs rises in relation to its operating margin on sales. The relatively high  
7 degree of fixed costs in the natural gas utility business arises primarily from:  
8 (1) the average natural gas utility's large investment in fixed plant and equipment;  
9 and (2) the relative "fixity" of a natural gas utility's operating and maintenance  
10 costs. High operating leverage causes the average natural gas utility's operating  
11 income to be highly sensitive to demand and revenue fluctuations.

12 **Q. HOW DOES OPERATING LEVERAGE AFFECT A COMPANY'S**  
13 **BUSINESS RISK?**

14 A. Operating leverage affects a company's business risk through its impact on the  
15 variability of the company's profits or income. Generally speaking, the higher a  
16 company's operating leverage, the higher is the variability of the company's  
17 operating profits.

18 **Q. DOES REGULATION CREATE UNCERTAINTY FOR NATURAL GAS**  
19 **UTILITIES?**

20 A. Yes. Rates for natural gas distribution services are generally set by state  
21 regulatory authorities in a manner that provides natural gas distribution companies  
22 an opportunity to recover prudently incurred operating expenses and earn a fair  
23 rate of return on their prudently incurred investment in property, plant, and

1 equipment. Investors' perceptions of the business and financial risks of natural  
2 gas utilities are strongly influenced by their views of the quality of regulation.  
3 Investors are aware that regulators in some jurisdictions may be unwilling at times  
4 to set rates that allow companies an opportunity to recover their cost of service in  
5 a timely manner and earn a fair and reasonable return on investment. Investors are  
6 also aware that, even if a company presently has an opportunity to earn a fair  
7 return on its investment in property, plant, and equipment, there is no assurance  
8 that they will continue to have such an opportunity in the future. If investors  
9 perceive that regulators may not provide an opportunity to earn a fair rate of  
10 return on investment, investors may demand a higher rate of return for natural gas  
11 utilities operating in such jurisdictions. If investors perceive that regulators are  
12 likely to continue to provide an opportunity for a company to earn a fair rate of  
13 return on investment, investors will view the risk of earning a less than fair return  
14 as minimal.

15 Natural gas distribution companies are also subject to environmental laws  
16 and regulations that currently impose significant costs and potential liabilities.  
17 The cost of complying with future environmental regulations is highly uncertain.

18 **Q. YOU NOTE THAT FINANCIAL LEVERAGE INCREASES THE RISK OF**  
19 **INVESTORS IN NATURAL GAS UTILITIES SUCH AS ATMOS**  
20 **ENERGY. HOW DO ECONOMISTS MEASURE FINANCIAL**  
21 **LEVERAGE?**

22 **A.** Economists generally measure financial leverage by the percentages of debt and  
23 equity in a company's market value capital structure. Companies with a high

1 percentage of debt compared to equity are considered to have high financial  
2 leverage.

3 **Q. WHY DOES HIGH FINANCIAL LEVERAGE AFFECT THE RISK OF**  
4 **INVESTING IN A NATURAL GAS UTILITY'S STOCK?**

5 A. High financial leverage is a source of additional risk to utility stock investors  
6 because it increases the percentage of the firm's costs that are fixed, and the  
7 presence of higher fixed costs increases the variability of the equity investors'  
8 return on investment.

9 **Q. CAN THE RISK OF INVESTING IN ATMOS ENERGY BE**  
10 **DISTINGUISHED FROM THE RISKS OF INVESTING IN COMPANIES**  
11 **IN OTHER INDUSTRIES?**

12 A. Yes. The risks of investing in natural gas utilities such as Atmos Energy can be  
13 distinguished from the risks of investing in companies in many other industries in  
14 several ways. First, the risks of investing in natural gas utilities are increased  
15 because of the greater capital intensity of the natural gas utility business and the  
16 fact that most investments in natural gas facilities are largely irreversible once  
17 they are made. Second, unlike returns in competitive industries, the returns from  
18 investment in natural gas utilities are largely asymmetric. That is, there is little  
19 opportunity for natural gas utilities to earn more than the required return, and a  
20 significant chance that the utilities will earn less than the required return.

21

1                   V.     COST OF EQUITY ESTIMATION METHODS

2     **Q.     WHAT METHODS DO YOU USE TO ESTIMATE THE COST OF**  
3     **COMMON EQUITY CAPITAL FOR ATMOS ENERGY?**

4     A.     I use three generally accepted methods for estimating the cost of common equity.  
5           These are the Discounted Cash Flow (“DCF”), the risk premium method, and the  
6           Capital Asset Pricing Model (“CAPM”). The DCF method assumes that the  
7           current market price of a firm’s stock is equal to the discounted value of all  
8           expected future cash flows. The risk premium method assumes that the investor’s  
9           required return on an equity investment is equal to the interest rate on a long-term  
10          bond plus an additional equity risk premium to compensate the investor for the  
11          risks of investing in equities compared to bonds. The CAPM assumes that the  
12          investor’s required rate of return on equity is equal to a risk-free rate of interest  
13          plus the product of a company-specific risk factor, beta, and the expected risk  
14          premium on the market portfolio.

15  
16                   VI.    DISCOUNTED CASH FLOW (“DCF”) APPROACH

17     **Q.     PLEASE DESCRIBE THE DCF MODEL.**

18     A.     The DCF model is derived from the assumption that investors value an asset on  
19           the basis of the future cash flows they expect to receive from owning the asset.  
20           Thus, investors value an investment in a bond because they expect to receive a  
21           sequence of semi-annual coupon payments over the life of the bond and a  
22           terminal payment equal to the bond’s face value at the time the bond matures.  
23           Likewise, investors value an investment in a firm’s stock because they expect to

1 receive a sequence of dividend payments and, perhaps, expect to sell the stock at a  
2 higher price sometime in the future.

3 A second fundamental principle of the DCF approach is that investors  
4 value a dollar received in the future less than a dollar received today. A future  
5 dollar is valued less than a current dollar because investors could invest a current  
6 dollar in an interest earning account and increase their wealth. This principle is  
7 called the time value of money.

8 Applying the two fundamental DCF principles noted above to an  
9 investment in a bond leads to the conclusion that investors value their investment  
10 in the bond on the basis of the present value of the bond's future cash flows. Thus,  
11 the price of the bond should reflect the timing, magnitude, and relative risk of the  
12 expected cash flows. Algebraically this can be expressed as:

13 EQUATION 1

14 
$$P_B = \frac{C}{(1+i)} + \frac{C}{(1+i)^2} + \dots + \frac{C+F}{(1+i)^n}$$

15 where:

- 16  $P_B$  = Bond price;  
17  $C$  = Cash value of the constant coupon payment (assumed for  
18 notational convenience to occur annually rather than  
19 semi-annually);  
20  $F$  = Face value of the bond;  
21  $i$  = The rate of interest investors could earn by investing their  
22 money in an alternative bond of equal risk; and  
23  $n$  = The number of periods before the bond matures.

24 Applying these same principles to an investment in a firm's stock suggests that  
25 the price of the stock should be equal to:

1 EQUATION 2

2 
$$P_s = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_n + P_n}{(1+k)^n}$$

3 where:

4  $P_s$  = Current price of the firm's stock;

5  $D_1, D_2 \dots D_n$  = Expected annual dividend per share on the firm's stock;

6  $P_n$  = Price per share of stock at the time the investor expects to sell  
7 the stock; and

8  $k$  = Return the investor expects to earn on alternative investments  
9 of the same risk, i.e., the investor's required rate of return.

10 Equation (2) is frequently called the annual discounted cash flow model of stock  
11 valuation. Assuming that dividends grow at a constant annual rate,  $g$ , this  
12 equation can be solved for  $k$ , the cost of equity. The resulting cost of equity  
13 equation is  $k = D_1/P_s + g$ , where  $k$  is the cost of equity,  $D_1$  is the expected next  
14 period annual dividend,  $P_s$  is the current price of the stock, and  $g$  is the constant  
15 annual growth rate in earnings, dividends, and book value per share. The term  
16  $D_1/P_s$  is called the dividend yield component of the annual DCF model, and the  
17 term  $g$  is called the growth component of the annual DCF model. As in the case of  
18 the price of a bond, the price of a stock is related to the timing, magnitude, and  
19 relative risk of the expected cash flows.

20 **Q. ARE YOU RECOMMENDING THAT THE ANNUAL DCF MODEL BE**  
21 **USED TO ESTIMATE ATMOS ENERGY'S COST OF EQUITY?**

22 **A.** No. The DCF model assumes that a company's stock price is equal to the present  
23 discounted value of all expected future dividends. The annual DCF model is only  
24 a correct expression for the present discounted value of future dividends if  
25 dividends are paid annually at the end of each year. Since the companies in my

1 proxy group all pay dividends quarterly, the current market price that investors  
2 are willing to pay reflects the expected quarterly receipt of dividends. Therefore, a  
3 quarterly DCF model must be used to estimate the cost of equity for these firms.  
4 The quarterly DCF model differs from the annual DCF model in that it expresses  
5 a company's price as the present discounted value of a quarterly stream of  
6 dividend payments. A complete analysis of the implications of the quarterly  
7 payment of dividends on the DCF model is provided in Exhibit JWV-1, Appendix  
8 2. For the reasons cited there, I employed the quarterly DCF model throughout  
9 my calculations.

10 **Q. PLEASE DESCRIBE THE QUARTERLY DCF MODEL YOU USED.**

11 A. The quarterly DCF model I used is described on Exhibit JWV-1 Schedule 1 and in  
12 Appendix 2. The quarterly DCF equation shows that the cost of equity is: the sum  
13 of the future expected dividend yield and the growth rate, where the dividend in  
14 the dividend yield is the equivalent future value of the four quarterly dividends at  
15 the end of the year, and the growth rate is the expected growth in dividends or  
16 earnings per share.

17 **Q. IN APPENDIX 2, YOU DEMONSTRATE THAT THE QUARTERLY DCF**  
18 **MODEL PROVIDES THE THEORETICALLY CORRECT VALUATION**  
19 **OF STOCKS WHEN DIVIDENDS ARE PAID QUARTERLY. DO**  
20 **INVESTORS, IN PRACTICE, RECOGNIZE THE ACTUAL TIMING AND**  
21 **MAGNITUDE OF CASH FLOWS WHEN THEY VALUE STOCKS AND**  
22 **OTHER SECURITIES?**



1 A. Yes. In valuing long-term government or corporate bonds, investors recognize  
2 that interest is paid semi-annually. Thus, the price of a long-term government or  
3 corporate bond is simply the present value of the semi-annual interest and  
4 principal payments on these bonds. Likewise, in valuing mortgages, investors  
5 recognize that interest is paid monthly. Thus, the value of a mortgage loan is  
6 simply the present value of the monthly interest and principal payments on the  
7 loan. In valuing stock investments, stock investors correctly recognize that  
8 dividends are paid quarterly. Thus, a firm's stock price is the present value of the  
9 stream of quarterly dividends expected from owning the stock.

10 **Q. WHEN VALUING BONDS, MORTGAGES, OR STOCKS, WOULD**  
11 **INVESTORS ASSUME THAT CASH FLOWS ARE RECEIVED ONLY AT**  
12 **THE END OF THE YEAR, WHEN, IN FACT, THE CASH FLOWS ARE**  
13 **RECEIVED SEMI-ANNUALLY, QUARTERLY, OR MONTHLY?**

14 A. No. Assuming that cash flows are received at the end of the year when they are  
15 received semi-annually, quarterly, or monthly would lead investors to make  
16 serious mistakes in valuing investment opportunities. No rational investor would  
17 make the mistake of assuming that dividends or other cash flows are paid  
18 annually when, in fact, they are paid more frequently.

19 **Q. HOW DO YOU ESTIMATE THE GROWTH COMPONENT OF THE**  
20 **QUARTERLY DCF MODEL?**

21 A. I use the average analysts' estimates of future earnings per share (EPS) growth  
22 reported by I/B/E/S Thomson Reuters (I/B/E/S).

1 **Q. WHAT ARE THE ANALYSTS' ESTIMATES OF FUTURE EPS**  
2 **GROWTH?**

3 A. As part of their research, financial analysts working at Wall Street firms  
4 periodically estimate EPS growth for each firm they follow. The EPS forecasts for  
5 each firm are then published. Investors who are contemplating purchasing or  
6 selling shares in individual companies review the forecasts. These estimates  
7 represent five-year forecasts of EPS growth.

8 **Q. WHAT IS I/B/E/S?**

9 A. I/B/E/S is a division of Thomson Reuters that reports analysts' EPS growth  
10 forecasts for a broad group of companies. The forecasts are expressed in terms of  
11 a mean forecast and a standard deviation of forecast for each firm. Investors use  
12 the mean forecast as an estimate of future firm performance.

13 **Q. WHY DO YOU USE THE I/B/E/S GROWTH ESTIMATES?**

14 A. I use the I/B/E/S growth rates because they: (1) are widely circulated in the  
15 financial community, (2) include the projections of reputable financial analysts  
16 who develop estimates of future EPS growth, (3) are reported on a timely basis to  
17 investors, and (4) are widely used by institutional and other investors.

18 **Q. WHY DO YOU RELY ON ANALYSTS' PROJECTIONS OF FUTURE EPS**  
19 **GROWTH IN ESTIMATING THE INVESTORS' EXPECTED GROWTH**  
20 **RATE RATHER THAN LOOKING AT HISTORICAL GROWTH RATES?**

21 A. I rely on analysts' projections of future EPS growth because there is considerable  
22 empirical evidence that investors use analysts' forecasts to estimate future  
23 earnings growth.

1 Q. HAVE YOU PERFORMED ANY STUDIES CONCERNING THE USE OF  
2 ANALYSTS' FORECASTS AS AN ESTIMATE OF INVESTORS'  
3 EXPECTED GROWTH RATE, *G*?

4 A. Yes, I prepared a study in conjunction with Willard T. Carleton, Professor  
5 Emeritus of Finance at the University of Arizona, on why analysts' forecasts are  
6 the best estimate of investors' expectation of future long-term growth. This study  
7 is described in a paper entitled "Investor Growth Expectations and Stock Prices:  
8 the Analysts versus History," published in the Spring 1988 edition of *The Journal*  
9 *of Portfolio Management*.

10 Q. PLEASE SUMMARIZE THE RESULTS OF YOUR STUDY.

11 A. First, we performed a correlation analysis to identify the historically oriented  
12 growth rates which best described a firm's stock price. Then we did a regression  
13 study comparing the historical growth rates with the average analysts' forecasts.  
14 In every case, the regression equations containing the average of analysts'  
15 forecasts statistically outperformed the regression equations containing the  
16 historical growth estimates. These results are consistent with those found by  
17 Cragg and Malkiel, the early major research in this area (John G. Cragg and  
18 Burton G. Malkiel, *Expectations and the Structure of Share Prices*, University of  
19 Chicago Press, 1982). These results are also consistent with the hypothesis that  
20 investors use analysts' forecasts, rather than historically oriented growth  
21 calculations, in making stock buy and sell decisions. They provide overwhelming  
22 evidence that the analysts' forecasts of future growth are superior to historically  
23 oriented growth measures in predicting a firm's stock price.

1 **Q. HAS YOUR STUDY BEEN UPDATED?**

2 A. Yes. Researchers at State Street Financial Advisors updated my study using data  
3 through year-end 2003. Their results continue to confirm that analysts' growth  
4 forecasts are superior to historically-oriented growth measures in predicting a  
5 firm's stock price.

6 **Q. WHAT PRICE DO YOU USE IN YOUR DCF MODEL?**

7 A. I use a simple average of the monthly high and low stock prices for each firm for  
8 the three-month period ending August 2015. These high and low stock prices  
9 were obtained from Thomson Reuters.

10 **Q. WHY DO YOU USE THE THREE-MONTH AVERAGE STOCK PRICE IN  
11 APPLYING THE DCF METHOD?**

12 A. I use the three-month average stock price in applying the DCF method because  
13 stock prices fluctuate daily, while financial analysts' forecasts for a given  
14 company are generally changed less frequently, often on a quarterly basis. Thus,  
15 to match the stock price with an earnings forecast, it is appropriate to average  
16 stock prices over a three-month period.

17 **Q. DO YOU INCLUDE AN ALLOWANCE FOR FLOTATION COSTS IN  
18 YOUR DCF ANALYSIS?**

19 A. Yes. I include a five percent allowance for flotation costs in my DCF calculations.

20 **Q. PLEASE EXPLAIN YOUR INCLUSION OF FLOTATION COSTS.**

21 A. All firms that have sold securities in the capital markets have incurred some level  
22 of flotation costs, including underwriters' commissions, legal fees, printing  
23 expense, etc. These costs are withheld from the proceeds of the stock sale or are

1       paid separately, and must be recovered over the life of the equity issue. Costs vary  
2       depending upon the size of the issue, the type of registration method used and  
3       other factors, but in general these costs range between three and five percent of  
4       the proceeds from the issue [see Lee, Inmoo, Scott Lochhead, Jay Ritter, and  
5       Quanshui Zhao, "The Costs of Raising Capital," *The Journal of Financial*  
6       *Research*, Vol. XIX No 1 (Spring 1996), 59-74, and Clifford W. Smith,  
7       "Alternative Methods for Raising Capital," *Journal of Financial Economics* 5  
8       (1977) 273-307]. In addition to these costs, for large equity issues (in relation to  
9       outstanding equity shares), there is likely to be a decline in price associated with  
10      the sale of shares to the public. On average, the decline in price associated with  
11      new stock issuances has been estimated at two to three percent [see  
12      Richard H. Pettway, "The Effects of New Equity Sales Upon Utility Share  
13      Prices," *Public Utilities Fortnightly*, May 10, 1984, 35—39]. Thus, the total  
14      flotation cost, including both issuance expense and stock price decline, could  
15      range anywhere from five to eight percent of the proceeds of an equity issue. I  
16      believe a combined five percent allowance for flotation costs is a conservative  
17      estimate that should be used in applying the DCF model in this proceeding.

18   **Q.   IS A FLOTATION COST ADJUSTMENT ONLY APPROPRIATE IF A**  
19   **COMPANY ISSUES STOCK DURING THE TEST YEAR?**

20   **A.**   No. As described in Exhibit JVW-1, Appendix 3, a flotation cost adjustment is  
21       required whether or not a company issued new stock during the test year.  
22       Previously incurred flotation costs have not been recovered in previous rate cases;  
23       rather, they are a permanent cost associated with past issues of common stock.

1 Just as an adjustment is made to the embedded cost of debt to reflect previously  
2 incurred debt issuance costs (regardless of whether additional bond issuances  
3 were made in the test year), so should an adjustment be made to the cost of equity  
4 regardless of whether additional stock was issued during the test year.

5 **Q. HOW DO YOU APPLY THE DCF APPROACH TO OBTAIN THE COST**  
6 **OF EQUITY CAPITAL FOR ATMOS ENERGY?**

7 A. I apply the DCF approach to the publicly-traded natural gas distribution  
8 companies ("LDCs") shown on Exhibit JVW-1 Schedule 1 and the publicly-  
9 traded water utilities shown on Exhibit JVW-1 Schedule 2.

10 **Q. HOW DO YOU SELECT YOUR PROXY GROUP OF NATURAL GAS**  
11 **DISTRIBUTION COMPANIES?**

12 A. I select all the companies in Value Line's natural gas industry group that: (1) paid  
13 dividends during every quarter of the last two years; (2) did not decrease  
14 dividends during any quarter of the past two years; (3) have an I/B/E/S long-term  
15 earnings growth forecast; and (4) are not the subject of a merger offer that has not  
16 been completed. In addition, all of the LDCs included in my group have an  
17 investment grade bond rating and a Value Line Safety Rank of 1, 2, or 3. The  
18 LDCs in my DCF proxy group and the average DCF result are shown on  
19 Exhibit \_JVW-1 Schedule 1.

20 **Q. WHY DO YOU ELIMINATE COMPANIES THAT HAVE EITHER**  
21 **DECREASED OR ELIMINATED THEIR DIVIDEND IN THE PAST TWO**  
22 **YEARS?**

1 A. The DCF model requires the assumption that dividends will grow at a constant  
2 rate into the indefinite future. If a company has either decreased or eliminated its  
3 dividend in recent years, an assumption that the company's dividend will grow at  
4 the same rate into the indefinite future is questionable.

5 **Q. WHY DO YOU ELIMINATE COMPANIES THAT DO NOT HAVE AT  
6 LEAST TWO ANALYSTS' LONG-TERM GROWTH FORECASTS?**

7 A. As noted above, my studies indicate that the analysts' growth forecasts best  
8 approximate the growth forecasts used by investors in making stock buy and sell  
9 decisions; and thus, the average of the analysts' growth forecasts is the best  
10 available estimate of the growth term in the DCF Model. In my opinion, the DCF  
11 result is more reliable if there are at least two analysts' long-term growth  
12 estimates.

13 **Q. WHY DO YOU ELIMINATE COMPANIES THAT ARE BEING  
14 ACQUIRED IN TRANSACTIONS THAT ARE NOT YET COMPLETED?**

15 A. A merger announcement generally increases the target company's stock price, but  
16 not the acquiring company's stock price. Analysts' growth forecasts for the target  
17 company, on the other hand, are necessarily related to the company as it currently  
18 exists. The use of a stock price that includes the growth-enhancing prospects of  
19 potential mergers in conjunction with growth forecasts that do not include the  
20 growth-enhancing prospects of potential mergers produces DCF results that tend  
21 to distort a company's cost of equity.

1 **Q. PLEASE SUMMARIZE THE RESULTS OF YOUR APPLICATION OF**  
2 **THE DCF METHOD TO THE NATURAL GAS DISTRIBUTION**  
3 **COMPANY PROXY GROUP.**

4 A. My application of the DCF method to the natural gas distribution company proxy  
5 group produces a market-weighted average result of 9.7 percent, as shown on  
6 Exhibit JWV-1 Schedule 1.

7 **Q. YOU NOTE ABOVE THAT YOU ALSO APPLY YOUR DCF METHOD**  
8 **TO A PROXY GROUP OF WATER UTILITIES. WHY DO YOU APPLY**  
9 **YOUR DCF MODEL TO A PROXY GROUP OF WATER UTILITIES?**

10 A. I apply my DCF model to a proxy group of water utilities because: (1) the sample  
11 of publicly-traded natural gas distribution companies with sufficient information  
12 to estimate the cost of equity is relatively small; (2) the water utilities are a  
13 reasonable proxy for the risk of investing in natural gas distribution companies;  
14 (3) natural gas distribution companies are frequently used as proxies for water  
15 utilities in water cases; and (4) it is useful to examine the cost of equity results for  
16 a group of companies of similar risk in order to test the reasonableness of the  
17 results obtained by applying cost of equity methodologies to the group of  
18 publicly-traded natural gas distribution companies. Financial theory does not  
19 require that companies be in exactly the same industry to be comparable in risk.

20 **Q. HOW ARE THE WATER UTILITIES SIMILAR TO ATMOS ENERGY?**

21 A. Like Atmos Energy, the water utilities are regulated public utilities that: (1) invest  
22 primarily in a capital-intensive physical network that connects the customer to the  
23 source of supply; and (2) sell their products and services at regulated rates to



1 customers whose demand is primarily dependent on weather and the state of the  
2 economy.

3 **Q. DOES YOUR WATER UTILITY PROXY GROUP MEET THE**  
4 **STANDARDS OF THE *HOPE* AND *BLUEFIELD* CASES YOU CITE**  
5 **ABOVE?**

6 A. Yes. The *Hope* and *Bluefield* standard states that a public utility should be  
7 allowed to earn a return on its investment that is commensurate with the returns  
8 investors are able to earn on investments having similar risk. The water utilities  
9 are a group of companies that meet the standards of the *Hope* and *Bluefield* cases  
10 because they are a reasonable proxy for the risk of investing in Atmos Energy.

11 **Q. HOW DO YOU SELECT YOUR GROUP OF PUBLICLY-TRADED**  
12 **WATER COMPANIES?**

13 A. I select all the water companies included in the Value Line Investment Survey  
14 Standard and Plus editions that: (1) pay dividends; (2) did not decrease dividends  
15 during any quarter of the past two years; (3) have an I/B/E/S long-term growth  
16 forecast; and (4) are not the subject of a merger that has not been completed.

17 **Q. PLEASE SUMMARIZE THE RESULT OF YOUR APPLICATION OF**  
18 **THE DCF MODEL TO YOUR WATER COMPANY PROXY GROUP.**

19 A. As shown in Exhibit JVW-1, Schedule 2, my application of the DCF model to the  
20 Value Line water companies produces a market-weighted average DCF result of  
21 10.1 percent and a simple average DCF result of 9.8 percent. Because American  
22 Water Works represents more than fifty percent of the market capitalization of all  
23 the water companies in the group, I use the midpoint of market-weighted and

1 simple average results, 10.0 percent, as the cost of equity estimate from the DCF  
2 model applied to the water utilities.

3  
4 **VII. RISK PREMIUM APPROACH**

5 **Q. PLEASE DESCRIBE THE RISK PREMIUM APPROACH TO**  
6 **ESTIMATING ATMOS ENERGY'S COST OF EQUITY.**

7 A. The risk premium method is based on the principle that investors expect to earn a  
8 return on an equity investment that reflects a "premium" over the interest rate  
9 they expect to earn on an investment in bonds. This equity risk premium  
10 compensates equity investors for the additional risk they bear in making equity  
11 investments versus bond investments.

12 **Q. HOW DO YOU MEASURE THE REQUIRED RISK PREMIUM ON AN**  
13 **EQUITY INVESTMENT IN ATMOS ENERGY?**

14 A. I use two methods to estimate the required risk premium on an equity investment  
15 in Atmos Energy. The first is called the ex ante risk premium method, and the  
16 second is called the ex post risk premium method.

17  
18 **A. Ex Ante Risk Premium Approach**

19 **Q. PLEASE DESCRIBE YOUR EX ANTE RISK PREMIUM APPROACH**  
20 **FOR MEASURING THE REQUIRED RISK PREMIUM ON AN EQUITY**  
21 **INVESTMENT IN ATMOS ENERGY.**

22 A. My ex ante risk premium method is based on studies of the DCF expected return  
23 on a comparable group of natural gas distribution companies, which I compared

1 to the interest rate on Moody's A-rated utility bonds. Specifically, for each month  
2 in my study period, I calculate the risk premium using the equation,

$$3 \quad \text{RP}_{\text{PROXY}} = \text{DCF}_{\text{PROXY}} - I_A$$

4 where:

5  $\text{RP}_{\text{PROXY}}$  = the required risk premium on an equity investment in the  
6 proxy group of companies;

7  $\text{DCF}_{\text{PROXY}}$  = average DCF estimated cost of equity on a portfolio of  
8 proxy companies; and

9  $I_A$  = the yield to maturity on an investment in A-rated utility  
10 bonds.

11 I then perform a regression analysis to determine if there is a relationship between  
12 the calculated risk premium and interest rates. Finally, I use the results of the  
13 regression analysis to estimate the investors' required risk premium. To estimate  
14 the cost of equity, I then add the required risk premium to the forecasted yield on  
15 A-rated utility bonds.<sup>1</sup> A detailed description of my ex ante risk premium studies  
16 is contained in Appendix 4, and the underlying DCF results and interest rates are  
17 displayed in Exhibit JW-1 Schedule 3.

18 **Q. WHY DO YOU APPLY YOUR EX ANTE RISK PREMIUM STUDY ONLY**  
19 **TO LDCS RATHER THAN TO BOTH LDCS AND WATER**  
20 **COMPANIES?**

21 **A.** I apply my ex ante risk premium approach only to LDCs rather than to both LDCs  
22 and water utilities because there is sufficient data to apply the DCF method to the

---

<sup>1</sup> One could use the yield to maturity on other debt investments to measure the interest rate component of the risk premium approach as long as one uses the yield on the same debt investment to measure the expected risk premium component of the risk premium approach. I chose to use the yield on A-rated utility bonds because it is a frequently-used benchmark for utility bond yields.

1 LDCs over a relatively long period of time. In contrast, there are few water  
2 utilities with consistent data extending back for a reasonably long study period.

3 **Q. WHAT ESTIMATED RISK PREMIUM DO YOU OBTAIN FROM YOUR**  
4 **EX ANTE RISK PREMIUM METHOD?**

5 A. As described in Appendix 4, my analyses produce an estimated risk premium over  
6 the yield on A-rated utility bonds equal to 5.0 percent.

7 **Q. WHAT COST OF EQUITY RESULT DO YOU OBTAIN FROM YOUR EX**  
8 **ANTE RISK PREMIUM STUDY?**

9 A. To estimate the cost of equity using the ex ante risk premium method, one may  
10 add the estimated risk premium over the yield on A-rated utility bonds to the  
11 forecasted yield to maturity on A-rated utility bonds. I obtain the forecasted yield  
12 to maturity on A-rated utility bonds, 6.2 percent, by averaging forecast data from  
13 Value Line and the U.S. Energy Information Administration ("EIA"). My analyses  
14 produce an estimated risk premium over the yield on A-rated utility bonds equal  
15 to 5.0 percent. Adding an estimated risk premium of 5.0 percent to the 6.2 percent  
16 forecasted yield to maturity on A-rated utility bonds produces a cost of equity  
17 estimate of 11.1 percent using the ex ante risk premium method (see Appendix 4)  
18 (apparent discrepancy due to rounding).

19 **Q. HOW DO YOU OBTAIN THE EXPECTED YIELD ON A-RATED**  
20 **UTILITY BONDS?**

21 A. As noted above, I obtain the expected yield to maturity on A-rated utility bonds,  
22 6.2 percent, by averaging forecast data from Value Line and the EIA. Value Line  
23 Selection & Opinion (September 4, 2015) projects a AAA-rated Corporate bond

1 yield equal to 5.8 percent. The August 2015 average spread between A-rated  
2 utility bonds and Aaa-rated Corporate bonds is 21 basis points (A-rated utility,  
3 4.25 percent, less Aaa-rated Corporate, 4.04 percent, equals 21 basis points).  
4 Adding 21 basis points to the 5.8 percent Value Line Aaa Corporate bond forecast  
5 equals a forecast yield of 6.01 percent for the A-rated utility bonds. The EIA  
6 forecasts an AA-rated utility bond yield equal to 6.21 percent. The average spread  
7 between AA-rated utility and A-rated utility bonds at August 2015 is 12 basis  
8 points (4.25 percent less 4.13 percent). Adding 12 basis points to EIA's 6.21  
9 percent AA-utility bond yield forecast equals a forecast yield for A-rated utility  
10 bonds equal to 6.33 percent. The average of the forecasts (6.01 percent using  
11 Value Line data and 6.33 percent using EIA data) is 6.17 percent.

12 **Q. WHY DO YOU USE A FORECASTED YIELD TO MATURITY ON A-**  
13 **RATED UTILITY BONDS RATHER THAN A CURRENT YIELD TO**  
14 **MATURITY?**

15 A. I use a forecasted yield to maturity on A-rated utility bonds rather than a current  
16 yield to maturity because the fair rate of return standard requires that a company  
17 have an opportunity to earn its required return on its investment during the  
18 forward-looking period during which rates will be in effect. Because current  
19 interest rates are depressed as a result of the Federal Reserve's extraordinary  
20 efforts to keep interest rates low in an effort to stimulate the economy, current  
21 interest rates at this time are likely a poor indicator of future interest rates.  
22 Economists project that future interest rates will be higher than current interest  
23 rates as the Federal Reserve allows interest rates to rise in order to prevent

1 inflation. Thus, the use of forecasted interest rates is consistent with the fair rate  
2 of return standard, whereas the use of current interest rates at this time is not.

3  
4 **B. Ex Post Risk Premium Approach**

5 **Q. PLEASE DESCRIBE YOUR EX POST RISK PREMIUM APPROACH**  
6 **FOR MEASURING THE REQUIRED RISK PREMIUM ON AN EQUITY**  
7 **INVESTMENT IN ATMOS ENERGY.**

8 A. I first perform a study of the comparable returns received by bond and stock  
9 investors over the seventy-eight years of my study. I estimate the returns on stock  
10 and bond portfolios, using stock price and dividend yield data on the S&P 500  
11 and bond yield data on Moody's A-rated Utility Bonds. My study consists of  
12 making an investment of one dollar in the S&P 500 and Moody's A-rated utility  
13 bonds at the beginning of 1937, and reinvesting the principal plus return each year  
14 to 2015. The return associated with each stock portfolio is the sum of the annual  
15 dividend yield and capital gain (or loss) which accrued to this portfolio during the  
16 year(s) in which it was held. The return associated with the bond portfolio, on the  
17 other hand, is the sum of the annual coupon yield and capital gain (or loss) which  
18 accrued to the bond portfolio during the year(s) in which it was held. The  
19 resulting annual returns on the stock and bond portfolios purchased in each year  
20 from 1937 to 2015 are shown on Exhibit \_JVW-1 Schedule 4. The average annual  
21 return on an investment in the S&P 500 stock portfolio is 11.3 percent, while the  
22 average annual return on an investment in the Moody's A-rated utility bond

1 portfolio is 6.8 percent. The risk premium on the S&P 500 stock portfolio is,  
2 therefore, 4.5 percent.

3 I also conduct a second study using stock data on the S&P Utilities rather  
4 than the S&P 500. As shown on Exhibit JWV-1 Schedule 5, the S&P Utility stock  
5 portfolio shows an average annual return of 10.7 percent per year. Thus, the return  
6 on the S&P Utility stock portfolio exceeds the return on the Moody's A-rated  
7 utility bond portfolio by 3.9 percent.

8 **Q. WHY IS IT APPROPRIATE TO PERFORM YOUR EX POST RISK**  
9 **PREMIUM ANALYSIS USING BOTH THE S&P 500 AND THE S&P**  
10 **UTILITY STOCK INDICES?**

11 A. I perform my ex post risk premium analysis on both the S&P 500 and the S&P  
12 Utilities because I believe utilities today face risks that are somewhere in between  
13 the average risk of the S&P Utilities and the S&P 500 over the years 1937 to  
14 2015. Thus, I use the average of the two historically-based risk premiums as my  
15 estimate of the required risk premium in my ex post risk premium method.

16 **Q. WOULD YOUR STUDY PROVIDE A DIFFERENT EX POST RISK**  
17 **PREMIUM IF YOU STARTED WITH A DIFFERENT TIME PERIOD?**

18 A. Yes, the ex post risk premium results vary somewhat depending on the historical  
19 time period chosen. My policy is to go back as far in history as I can get reliable  
20 data. I believe it is most meaningful to begin after the passage and implementation  
21 of the Public Utility Holding Company Act of 1935. This Act significantly  
22 changed the structure of the public utility industry. Because the Public Utility  
23 Holding Company Act of 1935 was not implemented until the beginning of 1937,

1 I feel that numbers taken from before this date are not comparable to those taken  
2 after. (The repeal of the 1935 Act does not have a material impact on the structure  
3 of the public utility industry; thus, the Act's repeal does not have any impact on  
4 my choice of time period.)

5 **Q. WHY IS IT NECESSARY TO EXAMINE THE YIELD FROM DEBT**  
6 **INVESTMENTS IN ORDER TO DETERMINE THE INVESTORS'**  
7 **REQUIRED RATE OF RETURN ON EQUITY CAPITAL?**

8 A. As previously explained, investors expect to earn a return on their equity  
9 investment that exceeds currently available bond yields because the return on  
10 equity, as a residual return, is less certain than the yield on bonds; and investors  
11 must be compensated for this uncertainty. Investors' expectations concerning the  
12 amount by which the return on equity will exceed the bond yield may be  
13 influenced by historical differences in returns to bond and stock investors. Thus,  
14 we can estimate investors' expected returns from an equity investment from  
15 information about past differences between returns on stocks and bonds. In  
16 interpreting this information, investors would also recognize that risk premiums  
17 increase when interest rates are low.

18 **Q. WHAT CONCLUSIONS DO YOU DRAW FROM YOUR EX POST RISK**  
19 **PREMIUM ANALYSES ABOUT THE REQUIRED RETURN ON AN**  
20 **EQUITY INVESTMENT IN ATMOS ENERGY?**

21 A. My studies provide strong evidence that investors today require an equity return  
22 of at least 3.9 to 4.5 percentage points above the expected yield on A-rated utility  
23 bonds. As discussed above, the forecast yield on A-rated utility bonds is



1 6.2 percent. Adding a 3.9 to 4.5 percentage point risk premium to a yield of  
2 6.2 percent on A-rated utility bonds, I obtain an expected return on equity in the  
3 range 10.1 percent to 10.7 percent, with a midpoint of 10.4 percent. Adding an 18  
4 basis point allowance for flotation costs, I obtain an estimate of 10.6 percent as  
5 the ex post risk premium cost of equity for Atmos Energy. (I determine the  
6 flotation cost allowance by calculating the difference in my DCF results with and  
7 without a flotation cost allowance.)  
8

#### 9 **VIII. CAPITAL ASSET PRICING MODEL**

##### 10 **Q. WHAT IS THE CAPM?**

11 A. The CAPM is an equilibrium model of the security markets in which the expected  
12 or required return on a given security is equal to the risk-free rate of interest, plus  
13 the company equity “beta,” times the market risk premium:

$$14 \quad \text{Cost of equity} = \text{Risk-free rate} + \text{Equity beta} \times \text{Market risk premium}$$

15 The risk-free rate in this equation is the expected rate of return on a risk-free  
16 government security, the equity beta is a measure of the company’s risk relative to  
17 the market as a whole, and the market risk premium is the premium investors  
18 require to invest in the market basket of all securities compared to the risk-free  
19 security.

##### 20 **Q. HOW DO YOU USE THE CAPM TO ESTIMATE THE COST OF EQUITY** 21 **FOR YOUR PROXY COMPANIES?**

22 A. The CAPM requires an estimate of the risk-free rate, the company-specific risk  
23 factor or beta, and the expected return on the market portfolio. For my estimate of

1 the risk-free rate, I use the forecasted yield to maturity on 20-year Treasury bonds  
2 of 4.2 percent, using data from Value Line and EIA. I use the 20-year Treasury  
3 bond to estimate the risk-free rate because SBBI<sup>®</sup> estimates the risk premium  
4 using 20-year Treasury bonds, and one should use the same maturity to estimate  
5 the risk-free rate as is used to estimate the risk premium on the market portfolio.

6 For my estimate of the company-specific risk, or beta, I use the average  
7 0.81 Value Line beta for my proxy natural gas distribution companies. For my  
8 estimate of the expected risk premium on the market portfolio, I use two  
9 approaches. First, I estimate the risk premium on the market portfolio using  
10 historical risk premium data reported by SBBI<sup>®</sup>. Second, I estimate the risk  
11 premium on the market portfolio from the difference between the DCF cost of  
12 equity for the S&P 500 and the forecasted yield to maturity on 20-year Treasury  
13 bonds.

14 **Q. HOW DO YOU OBTAIN THE FORECASTED YIELD TO MATURITY**  
15 **ON 20-YEAR TREASURY BONDS?**

16 A. As noted above, I use data from Value Line and EIA to obtain a forecasted yield  
17 to maturity on 20-year Treasury bonds. Value Line forecasts a yield on 10-year  
18 Treasury notes equal to 3.5 percent. The current spread between the average  
19 August 2015 yield on 10-year Treasury notes (2.17 percent) and 20-year Treasury  
20 bonds (2.55 percent) is 38 basis points. Adding 38 basis points to Value Line's  
21 3.5 percent forecasted yield on 10-year Treasury notes produces a forecasted yield  
22 of 3.88 percent for 20-year Treasury bonds (see Value Line Investment Survey,  
23 Selection & Opinion, Sep. 4, 2015). EIA forecasts a yield of 4.11 percent on 10-

1 year Treasury notes. Adding the 38 basis point spread between 10-year Treasury  
2 notes and 20-year Treasury bonds to the EIA forecast of 4.11 percent for 10-year  
3 Treasury notes produces an EIA forecast for 20-year Treasury bonds equal to 4.49  
4 percent. The average of the forecasts is 4.2 percent (3.9 percent using Value Line  
5 data and 4.5 percent using EIA data).

6 **Q. HOW DO YOU ESTIMATE THE EXPECTED RISK PREMIUM ON THE**  
7 **MARKET PORTFOLIO USING HISTORICAL RISK PREMIUM DATA**  
8 **REPORTED BY SBBI®?**

9 A. I estimate the expected risk premium on the market portfolio by calculating the  
10 difference between the arithmetic mean return on the S&P 500 from 1926 to 2015  
11 (12.1 percent) and the average income return on 20-year U.S. Treasury bonds  
12 over the same period (5.1 percent) (see Ibbotson® SBBI® 2015 Yearbook,  
13 published by Morningstar®). Thus, my historical risk premium method produces a  
14 risk premium of 7.0 percent ( $12.1 - 5.1 = 7.0$ ).

15 **Q. WHY DO YOU RECOMMEND THAT THE RISK PREMIUM ON THE**  
16 **MARKET PORTFOLIO BE ESTIMATED USING THE ARITHMETIC**  
17 **MEAN RETURN ON THE S&P 500?**

18 A. As explained in SBBI®, the arithmetic mean return is the best approach for  
19 calculating the return investors expect to receive in the future:

20 The equity risk premium data presented in this book are arithmetic  
21 average risk premia as opposed to geometric average risk premia.  
22 The arithmetic average equity risk premium can be demonstrated  
23 to be most appropriate when discounting future cash flows. For use  
24 as the expected equity risk premium in either the CAPM or the  
25 building block approach, the arithmetic mean or the simple  
26 difference of the arithmetic means of stock market returns and  
27 riskless rates is the relevant number. This is because both the

1 CAPM and the building block approach are additive models, in  
2 which the cost of capital is the sum of its parts. The geometric  
3 average is more appropriate for reporting past performance, since it  
4 represents the compound average return. [SBBI<sup>®</sup>, 2014 Valuation  
5 Yearbook at 56.]

6 A discussion of the importance of using arithmetic mean returns in the context of  
7 CAPM or risk premium studies is contained in Exhibit JVW-1 Schedule 6.

8 **Q. WHY DO YOU RECOMMEND THAT THE RISK PREMIUM ON THE**  
9 **MARKET PORTFOLIO BE ESTIMATED USING THE INCOME**  
10 **RETURN ON 20-YEAR TREASURY BONDS RATHER THAN THE**  
11 **TOTAL RETURN ON THESE BONDS?**

12 A. As discussed above, the CAPM requires an estimate of the risk-free rate of  
13 interest. When Treasury bonds are issued, the income return on the bond is risk  
14 free, but the total return, which includes both income and capital gains or losses,  
15 is not. Thus, the income return should be used in the CAPM because it is only the  
16 income return that is risk free.

17 **Q. WHAT CAPM RESULT DO YOU OBTAIN WHEN YOU ESTIMATE THE**  
18 **EXPECTED RETURN ON THE MARKET PORTFOLIO FROM THE**  
19 **ARITHMETIC MEAN DIFFERENCE BETWEEN THE RETURN ON THE**  
20 **MARKET AND THE YIELD ON 20-YEAR TREASURY BONDS?**

21 A. Using a risk-free rate equal to 4.2 percent, a gas utility beta equal to 0.81, a risk  
22 premium on the market portfolio equal to 7.0 percent, and a flotation cost  
23 allowance equal to 18 basis points, I obtain an historical CAPM estimate of the  
24 cost of equity equal to 10.1 percent ( $4.2 + 0.81 \times 7.0 + 0.18 = 10.1$ ).

1 Q. CAN A REASONABLE APPLICATION OF THE CAPM PRODUCE  
2 HIGHER COST OF EQUITY RESULTS THAN YOU HAVE JUST  
3 REPORTED?

4 A. Yes. The CAPM tends to underestimate the cost of equity for small market  
5 capitalization companies such as many of the natural gas and water utilities.

6 Q. DOES THE FINANCE LITERATURE SUPPORT AN ADJUSTMENT TO  
7 THE CAPM EQUATION TO ACCOUNT FOR A COMPANY'S SIZE AS  
8 MEASURED BY MARKET CAPITALIZATION SUPPORTED IN THE  
9 FINANCE LITERATURE?

10 A. Yes. For example, Duff & Phelps, (who have purchased the Ibbotson® size  
11 premia data), support such an adjustment. Their estimates of the size premium  
12 required to be added to the basic CAPM cost of equity are shown below in  
13 TABLE 1.

14 **TABLE 1**  
15 **IBBOTSON® ESTIMATES OF PREMIUMS FOR COMPANY SIZE**  
16 **(2015 Valuation Yearbook)**

| DECILE                    | SMALLEST MKT.<br>CAP.<br>(\$MILLIONS) | LARGEST MKT.<br>CAP.<br>(\$MILLIONS) | PREMIUM |
|---------------------------|---------------------------------------|--------------------------------------|---------|
| Large-Cap (No Adjustment) | >10,105.622                           |                                      | 0       |
| Mid-Cap (3-5)             | 2,552.441                             | 10,105.622                           | 1.07%   |
| Low-Cap (6-8)             | 549.056                               | 2,542.913                            | 1.80%   |
| Micro-Cap (9-10)          | 3.037                                 | 548.839                              | 3.74%   |

17 Q. DO YOU MAKE AN ADJUSTMENT TO REFLECT THE SMALL  
18 MARKET CAPITALIZATION OF THE NATURAL GAS UTILITIES?

19 A. Yes. My size-adjusted CAPM result is 11.5 percent. As my estimate of the cost of  
20 equity from my application of the historical CAPM, I use the 10.8 percent average of

1 the base historical CAPM result and the size-adjusted CAPM result (see  
2 Exhibit JVW-1 Schedule 7).

3 **Q. HOW DOES YOUR DCF-BASED CAPM DIFFER FROM YOUR**  
4 **HISTORICAL CAPM?**

5 A. As described above, my DCF-based CAPM differs from my historical CAPM in  
6 the method I use to estimate the risk premium on the market portfolio. In the  
7 historical CAPM, I use historical risk premium data to estimate the risk premium  
8 on the market portfolio. In the DCF-based CAPM, I estimate the risk premium on  
9 the market portfolio from the difference between the DCF cost of equity for the  
10 S&P 500 and the forecasted yield to maturity on 20-year Treasury bonds.

11 **Q. WHAT RISK PREMIUM DO YOU OBTAIN WHEN YOU CALCULATE**  
12 **THE DIFFERENCE BETWEEN THE DCF-RETURN ON THE S&P 500**  
13 **AND THE RISK-FREE RATE?**

14 A. Using this method, I obtain a risk premium on the market portfolio equal to  
15 7.6 percent.

16 **Q. WHAT CAPM RESULT DO YOU OBTAIN WHEN YOU ESTIMATE THE**  
17 **EXPECTED RETURN ON THE MARKET PORTFOLIO BY APPLYING**  
18 **THE DCF MODEL TO THE S&P 500?**

19 A. Using a risk-free rate of 4.2 percent, a natural gas utility beta of 0.81, a risk  
20 premium on the market portfolio of 7.6 percent, and a flotation cost allowance of  
21 18 basis points, I obtain a CAPM result of 10.6 percent ( $4.2 + 0.81 \times 7.0 + 0.18 =$   
22 10.1) (see Exhibit JVW-1 Schedule 8).

1 Q. ARE THERE OTHER REASONS TO BELIEVE THAT THE CAPM MAY  
2 PRODUCE COST OF EQUITY ESTIMATES AT THIS TIME THAT ARE  
3 UNREASONABLY LOW?

4 A. Yes. There is considerable evidence in the finance literature that the CAPM tends  
5 to underestimate the cost of equity for companies whose equity beta is less than  
6 1.0 and to overestimate the cost of equity for companies whose equity beta is  
7 greater than 1.0.<sup>2</sup>

8 Q. CAN YOU BRIEFLY SUMMARIZE THE EVIDENCE THAT THE CAPM  
9 UNDERESTIMATES THE REQUIRED RETURNS FOR SECURITIES OR  
10 PORTFOLIOS WITH BETAS LESS THAN 1.0 AND OVERESTIMATES  
11 REQUIRED RETURNS FOR SECURITIES OR PORTFOLIOS WITH  
12 BETAS GREATER THAN 1.0?

13 A. Yes. The CAPM conjectures that security returns increase with increases in  
14 security betas in line with the equation

15 
$$ER_i = R_f + \beta_i [ER_m - R_f],$$

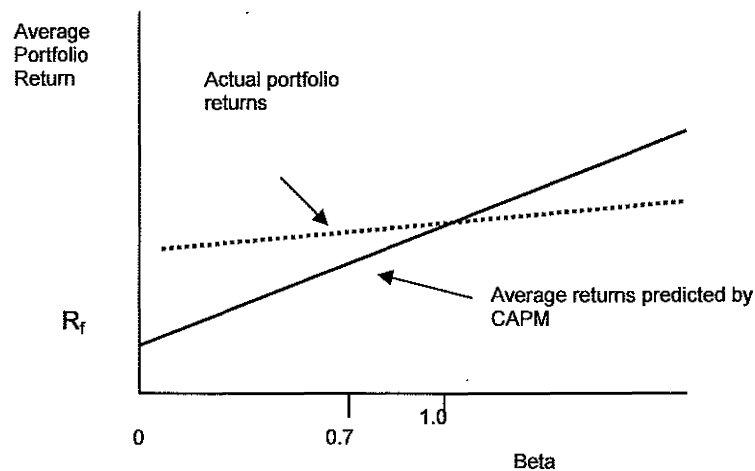
16 where  $ER_i$  is the expected return on security or portfolio  $i$ ,  $R_f$  is the risk-free rate,  
17  $ER_m - R_f$  is the expected risk premium on the market portfolio, and  $\beta_i$  is a measure  
18 of the risk of investing in security or portfolio  $i$ . If the CAPM correctly predicts

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<sup>2</sup> See, for example, Fischer Black, Michael C. Jensen, and Myron Scholes, "The Capital Asset Pricing Model: Some Empirical Tests," in *Studies in the Theory of Capital Markets*, M. Jensen, ed. New York: Praeger, 1972; Eugene Fama and James MacBeth, "Risk, Return, and Equilibrium: Empirical Tests," *Journal of Political Economy* 81 (1973), pp. 607-36; Robert Litzenger and Krishna Ramaswamy, "The Effect of Personal Taxes and Dividends on Capital Asset Prices: Theory and Empirical Evidence," *Journal of Financial Economics* 7 (1979), pp. 163-95.; Rolf Banz, "The Relationship between Return and Market Value of Common Stocks," *Journal of Financial Economics* (March 1981), pp. 3-18; and Eugene Fama and Kenneth French, "The Cross-Section of Expected Returns," *Journal of Finance* (June 1992), pp. 427-465.

1 the relationship between risk and return in the marketplace, then the realized  
2 returns on portfolios of securities and the corresponding portfolio betas should lie  
3 on the solid straight line with intercept  $R_f$  and slope  $[R_m - R_f]$  shown below.

4 **FIGURE 1**  
5 **AVERAGE RETURNS COMPARED TO BETA**  
6 **FOR PORTFOLIOS FORMED ON PRIOR BETA**  
7



8  
9 Financial scholars have found that the relationship between realized returns and  
10 betas is inconsistent with the relationship posited by the CAPM. As described in  
11 Fama and French (1992) and Fama and French (2004), the actual relationship  
12 between portfolio betas and returns is shown by the dotted line in the figure  
13 above. Although financial scholars disagree on the reasons why the return/beta  
14 relationship looks more like the dotted line in the figure than the solid line, they  
15 generally agree that the dotted line lies above the solid line for portfolios with  
16 betas less than 1.0 and below the solid line for portfolios with betas greater than  
17 1.0. Thus, in practice, scholars generally agree that the CAPM underestimates  
18 portfolio returns for companies with betas less than 1.0, and overestimates  
19 portfolio returns for portfolios with betas greater than 1.0.



1 **Q. DO YOU HAVE ADDITIONAL EVIDENCE THAT THE CAPM TENDS**  
2 **TO UNDERESTIMATE THE COST OF EQUITY FOR UTILITIES WITH**  
3 **AVERAGE BETAS LESS THAN 1.0?**

4 A. Yes. As shown in Schedule 9, over the period 1937 to 2015, investors in the S&P  
5 Utilities Stock Index have earned a risk premium over the yield on long-term  
6 Treasury bonds equal to 5.49 percent, while investors in the S&P 500 have earned  
7 a risk premium over the yield on long-term Treasury bonds equal to 6.06 percent.  
8 According to the CAPM, investors in utility stocks should expect to earn a risk  
9 premium over the yield on long-term Treasury securities equal to the average  
10 utility beta times the expected risk premium on the S&P 500. Thus, the ratio of  
11 the risk premium on the utility portfolio to the risk premium on the S&P 500  
12 should equal the utility beta. However, the average natural gas utility beta at the  
13 time of my studies is approximately 0.81, whereas the historical ratio of the utility  
14 risk premium to the S&P 500 risk premium is 0.90 ( $5.49 \div 6.06 = 0.90$ ). Thus, the  
15 use of the current 0.81 measured beta may produce an underestimate of the cost of  
16 equity for utilities.

17 **Q. WHAT CONCLUSIONS DO YOU DRAW FROM YOUR REVIEW OF**  
18 **THE CAPM LITERATURE AND THE EVIDENCE THAT UTILITY**  
19 **BETAS ARE SIGNIFICANTLY LESS THAN THE HISTORICAL RATIO**  
20 **OF THE UTILITY RISK PREMIUM TO THE S&P 500 RISK PREMIUM?**

21 A. I conclude that the financial literature supports the proposition that the CAPM  
22 underestimates the cost of equity for companies such as public utilities with betas  
23 less than 1.0.

1 **IX. FAIR RATE OF RETURN ON EQUITY**

2 **Q. WHAT IS THE FAIR RATE OF RETURN ON EQUITY?**

3 A. The fair rate of return on equity is a forward-looking return on equity that  
4 provides the regulated company with an opportunity to earn a return on its  
5 investment over the period in which rates are in effect that is commensurate with  
6 returns that investors expect to earn on other investments of similar risk. Because  
7 the fair rate of return is a forward-looking return, the estimate of the fair return  
8 requires consideration of investors' expectations for a reasonably long period into  
9 the future.

10 **Q. BASED ON YOUR APPLICATION OF SEVERAL COST OF EQUITY**  
11 **METHODS TO YOUR PROXY COMPANY GROUPS, WHAT IS YOUR**  
12 **CONCLUSION REGARDING THE FAIR RATE OF RETURN ON**  
13 **EQUITY FOR YOUR COMPARABLE COMPANIES?**

14 A. Based on my application of several cost of equity methods, I conclude that the fair  
15 rate of return on equity for my comparable companies is in the range 9.7 percent  
16 to 11.1 percent, with an average equal to 10.5 percent (see Table 2). I conclude  
17 that the fair rate of return on equity for my comparable companies is 10.5 percent.

**TABLE 2  
COST OF EQUITY MODEL RESULTS**

| METHOD               | MODEL RESULT |
|----------------------|--------------|
| DCF—LDC              | 9.7%         |
| DCF—Water            | 10.0%        |
| Ex Ante Risk Premium | 11.1%        |
| Ex Post Risk Premium | 10.6%        |
| CAPM-Historical      | 10.8%        |
| CAPM-DCF Based       | 10.6%        |
| Average              | 10.5%        |

1   **Q.    IS THERE EVIDENCE THAT YOUR 10.5 PERCENT COST OF EQUITY**  
2       **RECOMMENDATION IS CONSERVATIVE?**

3   **A.**    Yes. My cost of equity analyses reflect the financial risk of my proxy companies  
4       as measured by their average market value capital structure, which has more than  
5       60 percent equity. If Atmos Energy's ratemaking, or book value capital structure,  
6       is used to set rates, the cost of equity for Atmos Energy will necessarily be higher  
7       than the cost of equity for the proxy group because the financial risk associated  
8       with Atmos Energy's book value capital structure is significantly higher than the  
9       financial risk reflected in the cost of equity estimate for my proxy companies.

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

11   **A.**    Yes, it does.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2015-00343  
ATMOS ENERGY CORPORATION )

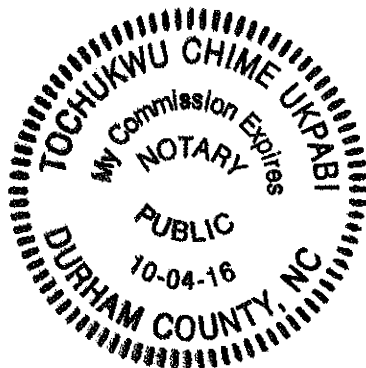
CERTIFICATE AND AFFIDAVIT

The Affiant, James H. Vander Weide, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2015-00343, in the Matter of the Rate Application of Atmos Energy Corporation, and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

James H. Vander Weide  
James H. Vander Weide

STATE OF NORTH CAROLINA  
COUNTY OF DURHAM

SUBSCRIBED AND SWORN to before me by James H. Vander Weide on this the 13th day of November, 2015.



Tochukwu Chime Ukpabi  
Notary Public  
My Commission Expires: 10-04-2016

## LIST OF SCHEDULES AND APPENDICES

|            |   |
|------------|---|
| Schedule 1 | Summary of Discounted Cash Flow Analysis for Natural Gas Distribution Utilities   |
| Schedule 2 | Summary of Discounted Cash Flow Analysis for Water Utilities  |
| Schedule 3 | Comparison of the DCF Expected Return on an Investment in Natural Gas Utilities to the Interest Rate on Moody's A-Rated Utility Bonds |
| Schedule 4 | Comparative Returns on S&P 500 Stock Index and Moody's A-Rated Bonds 1937—2015  |
| Schedule 5 | Comparative Returns on S&P Utility Stock Index and Moody's A-Rated Bonds 1937—2015  |
| Schedule 6 | Using the Arithmetic Mean to Estimate the Cost of Equity Capital  |
| Schedule 7 | Calculation of Capital Asset Pricing Model Cost of Equity Using the Ibbotson <sup>®</sup> SBBI <sup>®</sup> 7.0 Percent Risk Premium  |
| Schedule 8 | Calculation of Capital Asset Pricing Model Cost of Equity Using DCF Estimate of the Expected Rate of Return on the Market Portfolio   |
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| Appendix 1 | Qualifications of James H. Vander Weide   |
| Appendix 2 | Derivation of the Quarterly DCF Model   |
| Appendix 3 | Adjusting for Flotation Costs in Determining a Public Utility's Allowed Rate of Return on Equity                                      |
| Appendix 4 | Ex Ante Risk Premium Method   |
| Appendix 5 | Ex Post Risk Premium Method   |

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 1**  
**SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS**  
**FOR NATURAL GAS DISTRIBUTION UTILITIES**

|   | COMPANY                 | MOST RECENT QUARTERLY DIVIDEND (D <sub>0</sub> ) | STOCK PRICE (P <sub>0</sub> ) | I/B/E/S FORECAST OF FUTURE EARNINGS GROWTH | DCF MODEL RESULT |
|---|-------------------------|--|-------------------------------|--|------------------|
| 1 | Atmos Energy            | 0.390  | 53.683                        | 7.00%                                      | 10.4%            |
| 2 | Laclede Group           | 0.460  | 53.217                        | 4.42%                                      | 8.3%             |
| 3 | New Jersey Resources    | 0.225  | 28.622                        | 6.00%                                      | 9.6%             |
| 4 | Northwest Nat. Gas      | 0.465  | 43.708                        | 4.00%                                      | 8.8%             |
| 5 | Piedmont Natural Gas    | 0.330  | 37.286                        | 5.00%                                      | 9.0%             |
| 6 | South Jersey Inds.      | 0.251  | 25.061                        | 6.00%                                      | 10.6%            |
| 7 | UGI Corp.               | 0.228  | 35.462                        | 6.65%                                      | 9.5%             |
| 8 | WGL Holdings Inc.       | 0.463  | 55.697                        | 6.50%                                      | 10.3%            |
| 9 | Market-weighted Average |  |                               |  | 9.7%             |

Notes:

- d<sub>0</sub> = Most recent quarterly dividend.  
d<sub>1</sub>, d<sub>2</sub>, d<sub>3</sub>, d<sub>4</sub> = Next four quarterly dividends, calculated by multiplying the last four quarterly dividends per *Value Line* and Yahoo Finance, by the factor (1 + g).  
P<sub>0</sub> = Average of the monthly high and low stock prices during the three months ending August 2015 per Thomson Reuters.  
FC = Flotation costs expressed as a percent of gross proceeds.  
g = Average of I/B/E/S and Value Line forecasts of future earnings growth August 2015.  
k = Cost of equity using the quarterly version of the DCF model shown by the formula below:

$$k = \frac{d_1(1+k)^{.75} + d_2(1+k)^{.50} + d_3(1+k)^{.25} + d_4}{P_0(1-FC)} + g$$

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 2**  
**SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS**  
**FOR WATER UTILITIES**

|    | COMPANY                         | MOST RECENT QUARTERLY DIVIDEND (D <sub>0</sub> ) | STOCK PRICE (P <sub>0</sub> ) | VALUE LINE EPS GROWTH | I/B/E/S FORECAST OF FUTURE EARNINGS GROWTH | AVERAGE FORECAST OF FUTURE EARNINGS GROWTH | DCF MODEL RESULT |
|----|---------------------------------|--|-------------------------------|-----------------------|--|--|------------------|
| 1  | Amer. States Water              | 0.224  | 37.811                        | 6.50%                 | 5.00%                                      | 5.75%                                      | 8.4%             |
| 2  | Amer. Water Works               | 0.340  | 51.262                        | 7.50%                 | 7.59%                                      | 7.55%                                      | 10.5%            |
| 3  | Aqua America                    | 0.178  | 25.582                        | 8.00%                 | 5.55%                                      | 6.78%                                      | 9.8%             |
| 4  | California Water                | 0.168  | 22.341                        | 7.50%                 | 5.00%                                      | 6.25%                                      | 9.7%             |
| 5  | Conn. Water Services            | 0.268  | 34.553                        | 4.50%                 | 5.00%                                      | 4.75%                                      | 8.2%             |
| 6  | Consolidated Water              | 0.075  | 12.275                        | 10.50%                | 7.00%                                      | 8.75%                                      | 11.7%            |
| 7  | Middlesex Water                 | 0.193  | 22.690                        | 5.00%                 | 2.70%                                      | 3.85%                                      | 7.7%             |
| 8  | SJW Corp.                       | 0.195  | 30.090                        | 6.50%                 | 14.00%                                     | 10.25%                                     | 13.4%            |
| 9  | York Water Co. (The)            | 0.150  | 21.393                        | 6.50%                 | 4.90%                                      | 5.70%                                      | 8.9%             |
| 10 | Average                         |  |                               |                       |  |  | 9.8%             |
| 11 | Market-weighted Average         |  |                               |                       |  |  | 10.1%            |
| 12 | Average simple, market-weighted |  |                               |                       |  |  | 10.0%            |

Notes:

- d<sub>0</sub> = Most recent quarterly dividend.  
d<sub>1</sub>, d<sub>2</sub>, d<sub>3</sub>, d<sub>4</sub> = Next four quarterly dividends, calculated by multiplying the last four quarterly dividends per *Value Line* and Yahoo Finance by the factor (1 + g).  
P<sub>0</sub> = Average of the monthly high and low stock prices during the three months ending August 2015 from Thomson Reuters.  
FC = Flotation costs expressed as a percent of gross proceeds.  
g = I/B/E/S forecast of future earnings growth August 2015.  
k = Cost of equity using the quarterly version of the DCF model shown by the formula below:

$$k = \frac{d_1(1+k)^{.75} + d_2(1+k)^{.50} + d_3(1+k)^{.25} + d_4}{P_0(1-FC)} + g$$

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 3**  
**COMPARISON OF DCF EXPECTED RETURN**  
**ON AN EQUITY INVESTMENT IN NATURAL GAS DISTRIBUTION UTILITIES**  
**TO THE INTEREST RATE ON A-RATED UTILITY BONDS**

In this analysis, I compute an electric utility equity risk premium by comparing the DCF estimated cost of equity for a natural gas utility proxy group to the interest rate on A-rated utility bonds. For each month in my June 1998 through September 2015 study period:

DCF = Average DCF-estimated cost of equity on a portfolio of proxy companies;  
Bond Yield = Yield to maturity on an investment in A-rated utility bonds; and  
Risk Premium = DCF – Bond yield.

A more detailed description of my ex ante risk premium method is contained in Appendix 4.

| LINE | DATE   | DCF    | BOND YIELD | RISK PREMIUM |
|------|--------|--------|------------|--------------|
| 1    | Jun-98 | 0.1154 | 0.0703     | 0.0451       |
| 2    | Jul-98 | 0.1186 | 0.0703     | 0.0483       |
| 3    | Aug-98 | 0.1234 | 0.0700     | 0.0534       |
| 4    | Sep-98 | 0.1273 | 0.0693     | 0.0580       |
| 5    | Oct-98 | 0.1260 | 0.0696     | 0.0564       |
| 6    | Nov-98 | 0.1211 | 0.0703     | 0.0508       |
| 7    | Dec-98 | 0.1185 | 0.0691     | 0.0494       |
| 8    | Jan-99 | 0.1195 | 0.0697     | 0.0498       |
| 9    | Feb-99 | 0.1243 | 0.0709     | 0.0534       |
| 10   | Mar-99 | 0.1257 | 0.0726     | 0.0531       |
| 11   | Apr-99 | 0.1260 | 0.0722     | 0.0538       |
| 12   | May-99 | 0.1221 | 0.0747     | 0.0474       |
| 13   | Jun-99 | 0.1208 | 0.0774     | 0.0434       |
| 14   | Jul-99 | 0.1222 | 0.0771     | 0.0451       |
| 15   | Aug-99 | 0.1220 | 0.0791     | 0.0429       |
| 16   | Sep-99 | 0.1226 | 0.0793     | 0.0433       |
| 17   | Oct-99 | 0.1233 | 0.0806     | 0.0427       |
| 18   | Nov-99 | 0.1240 | 0.0794     | 0.0446       |
| 19   | Dec-99 | 0.1280 | 0.0814     | 0.0466       |
| 20   | Jan-00 | 0.1301 | 0.0835     | 0.0466       |
| 21   | Feb-00 | 0.1344 | 0.0825     | 0.0519       |
| 22   | Mar-00 | 0.1344 | 0.0828     | 0.0516       |
| 23   | Apr-00 | 0.1316 | 0.0829     | 0.0487       |
| 24   | May-00 | 0.1292 | 0.0870     | 0.0422       |
| 25   | Jun-00 | 0.1295 | 0.0836     | 0.0459       |
| 26   | Jul-00 | 0.1317 | 0.0825     | 0.0492       |
| 27   | Aug-00 | 0.1290 | 0.0813     | 0.0477       |
| 28   | Sep-00 | 0.1257 | 0.0823     | 0.0434       |
| 29   | Oct-00 | 0.1260 | 0.0814     | 0.0446       |
| 30   | Nov-00 | 0.1251 | 0.0811     | 0.0440       |
| 31   | Dec-00 | 0.1239 | 0.0784     | 0.0455       |
| 32   | Jan-01 | 0.1261 | 0.0780     | 0.0481       |
| 33   | Feb-01 | 0.1261 | 0.0774     | 0.0487       |



| LINE | DATE   | DCF    | BOND YIELD | RISK PREMIUM |
|------|--------|--------|------------|--------------|
| 34   | Mar-01 | 0.1275 | 0.0768     | 0.0507       |
| 35   | Apr-01 | 0.1227 | 0.0794     | 0.0433       |
| 36   | May-01 | 0.1302 | 0.0799     | 0.0503       |
| 37   | Jun-01 | 0.1304 | 0.0785     | 0.0519       |
| 38   | Jul-01 | 0.1338 | 0.0778     | 0.0560       |
| 39   | Aug-01 | 0.1327 | 0.0759     | 0.0568       |
| 40   | Sep-01 | 0.1268 | 0.0775     | 0.0493       |
| 41   | Oct-01 | 0.1268 | 0.0763     | 0.0505       |
| 42   | Nov-01 | 0.1268 | 0.0757     | 0.0511       |
| 43   | Dec-01 | 0.1254 | 0.0783     | 0.0471       |
| 44   | Jan-02 | 0.1236 | 0.0766     | 0.0470       |
| 45   | Feb-02 | 0.1241 | 0.0754     | 0.0487       |
| 46   | Mar-02 | 0.1189 | 0.0776     | 0.0413       |
| 47   | Apr-02 | 0.1159 | 0.0757     | 0.0402       |
| 48   | May-02 | 0.1162 | 0.0752     | 0.0410       |
| 49   | Jun-02 | 0.1170 | 0.0741     | 0.0429       |
| 50   | Jul-02 | 0.1242 | 0.0731     | 0.0511       |
| 51   | Aug-02 | 0.1234 | 0.0717     | 0.0517       |
| 52   | Sep-02 | 0.1260 | 0.0708     | 0.0552       |
| 53   | Oct-02 | 0.1250 | 0.0723     | 0.0527       |
| 54   | Nov-02 | 0.1221 | 0.0714     | 0.0507       |
| 55   | Dec-02 | 0.1216 | 0.0707     | 0.0509       |
| 56   | Jan-03 | 0.1219 | 0.0706     | 0.0513       |
| 57   | Feb-03 | 0.1232 | 0.0693     | 0.0539       |
| 58   | Mar-03 | 0.1195 | 0.0679     | 0.0516       |
| 59   | Apr-03 | 0.1162 | 0.0664     | 0.0498       |
| 60   | May-03 | 0.1126 | 0.0636     | 0.0490       |
| 61   | Jun-03 | 0.1114 | 0.0621     | 0.0493       |
| 62   | Jul-03 | 0.1127 | 0.0657     | 0.0470       |
| 63   | Aug-03 | 0.1139 | 0.0678     | 0.0461       |
| 64   | Sep-03 | 0.1127 | 0.0656     | 0.0471       |
| 65   | Oct-03 | 0.1123 | 0.0643     | 0.0480       |
| 66   | Nov-03 | 0.1089 | 0.0637     | 0.0452       |
| 67   | Dec-03 | 0.1071 | 0.0627     | 0.0444       |
| 68   | Jan-04 | 0.1059 | 0.0615     | 0.0444       |
| 69   | Feb-04 | 0.1039 | 0.0615     | 0.0424       |
| 70   | Mar-04 | 0.1037 | 0.0597     | 0.0440       |
| 71   | Apr-04 | 0.1041 | 0.0635     | 0.0406       |
| 72   | May-04 | 0.1045 | 0.0662     | 0.0383       |
| 73   | Jun-04 | 0.1036 | 0.0646     | 0.0390       |
| 74   | Jul-04 | 0.1011 | 0.0627     | 0.0384       |
| 75   | Aug-04 | 0.1008 | 0.0614     | 0.0394       |
| 76   | Sep-04 | 0.0976 | 0.0598     | 0.0378       |
| 77   | Oct-04 | 0.0974 | 0.0594     | 0.0380       |
| 78   | Nov-04 | 0.0962 | 0.0597     | 0.0365       |
| 79   | Dec-04 | 0.0970 | 0.0592     | 0.0378       |
| 80   | Jan-05 | 0.0990 | 0.0578     | 0.0412       |
| 81   | Feb-05 | 0.0979 | 0.0561     | 0.0418       |
| 82   | Mar-05 | 0.0979 | 0.0583     | 0.0396       |
| 83   | Apr-05 | 0.0988 | 0.0564     | 0.0424       |
| 84   | May-05 | 0.0981 | 0.0553     | 0.0427       |
| 85   | Jun-05 | 0.0976 | 0.0540     | 0.0436       |

| LINE | DATE   | DCF    | BOND YIELD | RISK PREMIUM |
|------|--------|--------|------------|--------------|
| 86   | Jul-05 | 0.0966 | 0.0551     | 0.0415       |
| 87   | Aug-05 | 0.0969 | 0.0550     | 0.0419       |
| 88   | Sep-05 | 0.0980 | 0.0552     | 0.0428       |
| 89   | Oct-05 | 0.0990 | 0.0579     | 0.0411       |
| 90   | Nov-05 | 0.1049 | 0.0588     | 0.0461       |
| 91   | Dec-05 | 0.1045 | 0.0580     | 0.0465       |
| 92   | Jan-06 | 0.0982 | 0.0575     | 0.0407       |
| 93   | Feb-06 | 0.1124 | 0.0582     | 0.0542       |
| 94   | Mar-06 | 0.1127 | 0.0598     | 0.0529       |
| 95   | Apr-06 | 0.1100 | 0.0629     | 0.0471       |
| 96   | May-06 | 0.1056 | 0.0642     | 0.0414       |
| 97   | Jun-06 | 0.1049 | 0.0640     | 0.0409       |
| 98   | Jul-06 | 0.1087 | 0.0637     | 0.0450       |
| 99   | Aug-06 | 0.1041 | 0.0620     | 0.0421       |
| 100  | Sep-06 | 0.1053 | 0.0600     | 0.0453       |
| 101  | Oct-06 | 0.1030 | 0.0598     | 0.0432       |
| 102  | Nov-06 | 0.1033 | 0.0580     | 0.0453       |
| 103  | Dec-06 | 0.1035 | 0.0581     | 0.0454       |
| 104  | Jan-07 | 0.1013 | 0.0596     | 0.0417       |
| 105  | Feb-07 | 0.1018 | 0.0590     | 0.0428       |
| 106  | Mar-07 | 0.1018 | 0.0585     | 0.0433       |
| 107  | Apr-07 | 0.1007 | 0.0597     | 0.0410       |
| 108  | May-07 | 0.0967 | 0.0599     | 0.0368       |
| 109  | Jun-07 | 0.0970 | 0.0630     | 0.0340       |
| 110  | Jul-07 | 0.1006 | 0.0625     | 0.0381       |
| 111  | Aug-07 | 0.1021 | 0.0624     | 0.0397       |
| 112  | Sep-07 | 0.1014 | 0.0618     | 0.0396       |
| 113  | Oct-07 | 0.1080 | 0.0611     | 0.0469       |
| 114  | Nov-07 | 0.1083 | 0.0597     | 0.0486       |
| 115  | Dec-07 | 0.1084 | 0.0616     | 0.0468       |
| 116  | Jan-08 | 0.1113 | 0.0602     | 0.0511       |
| 117  | Feb-08 | 0.1139 | 0.0621     | 0.0518       |
| 118  | Mar-08 | 0.1147 | 0.0621     | 0.0526       |
| 119  | Apr-08 | 0.1167 | 0.0629     | 0.0538       |
| 120  | May-08 | 0.1069 | 0.0627     | 0.0442       |
| 121  | Jun-08 | 0.1062 | 0.0638     | 0.0424       |
| 122  | Jul-08 | 0.1086 | 0.0640     | 0.0446       |
| 123  | Aug-08 | 0.1123 | 0.0637     | 0.0486       |
| 124  | Sep-08 | 0.1130 | 0.0649     | 0.0481       |
| 125  | Oct-08 | 0.1213 | 0.0756     | 0.0457       |
| 126  | Nov-08 | 0.1221 | 0.0760     | 0.0461       |
| 127  | Dec-08 | 0.1162 | 0.0654     | 0.0508       |
| 128  | Jan-09 | 0.1131 | 0.0639     | 0.0492       |
| 129  | Feb-09 | 0.1155 | 0.0630     | 0.0524       |
| 130  | Mar-09 | 0.1198 | 0.0642     | 0.0556       |
| 131  | Apr-09 | 0.1146 | 0.0648     | 0.0498       |
| 132  | May-09 | 0.1225 | 0.0649     | 0.0576       |
| 133  | Jun-09 | 0.1208 | 0.0620     | 0.0588       |
| 134  | Jul-09 | 0.1145 | 0.0597     | 0.0548       |
| 135  | Aug-09 | 0.1109 | 0.0571     | 0.0538       |
| 136  | Sep-09 | 0.1109 | 0.0553     | 0.0556       |
| 137  | Oct-09 | 0.1146 | 0.0555     | 0.0592       |

| LINE | DATE   | DCF    | BOND YIELD | RISK PREMIUM |
|------|--------|--------|------------|--------------|
| 138  | Nov-09 | 0.1148 | 0.0564     | 0.0584       |
| 139  | Dec-09 | 0.1123 | 0.0579     | 0.0544       |
| 140  | Jan-10 | 0.1198 | 0.0577     | 0.0621       |
| 141  | Feb-10 | 0.1167 | 0.0587     | 0.0580       |
| 142  | Mar-10 | 0.1074 | 0.0584     | 0.0490       |
| 143  | Apr-10 | 0.0934 | 0.0582     | 0.0352       |
| 144  | May-10 | 0.0970 | 0.0552     | 0.0418       |
| 145  | Jun-10 | 0.0953 | 0.0546     | 0.0407       |
| 146  | Jul-10 | 0.1050 | 0.0526     | 0.0524       |
| 147  | Aug-10 | 0.1038 | 0.0501     | 0.0537       |
| 148  | Sep-10 | 0.1034 | 0.0501     | 0.0533       |
| 149  | Oct-10 | 0.1050 | 0.0510     | 0.0540       |
| 150  | Nov-10 | 0.1041 | 0.0536     | 0.0505       |
| 151  | Dec-10 | 0.1029 | 0.0557     | 0.0472       |
| 152  | Jan-11 | 0.1019 | 0.0557     | 0.0462       |
| 153  | Feb-11 | 0.1004 | 0.0568     | 0.0436       |
| 154  | Mar-11 | 0.1014 | 0.0556     | 0.0458       |
| 155  | Apr-11 | 0.1031 | 0.0555     | 0.0476       |
| 156  | May-11 | 0.1018 | 0.0532     | 0.0486       |
| 157  | Jun-11 | 0.1020 | 0.0526     | 0.0494       |
| 158  | Jul-11 | 0.1035 | 0.0527     | 0.0508       |
| 159  | Aug-11 | 0.1179 | 0.0469     | 0.0710       |
| 160  | Sep-11 | 0.1155 | 0.0448     | 0.0707       |
| 161  | Oct-11 | 0.1150 | 0.0452     | 0.0698       |
| 162  | Nov-11 | 0.1120 | 0.0425     | 0.0695       |
| 163  | Dec-11 | 0.1092 | 0.0435     | 0.0657       |
| 164  | Jan-12 | 0.1078 | 0.0434     | 0.0644       |
| 165  | Feb-12 | 0.1081 | 0.0436     | 0.0645       |
| 166  | Mar-12 | 0.1081 | 0.0448     | 0.0633       |
| 167  | Apr-12 | 0.1131 | 0.0440     | 0.0691       |
| 168  | May-12 | 0.1201 | 0.0420     | 0.0781       |
| 169  | Jun-12 | 0.1011 | 0.0408     | 0.0603       |
| 170  | Jul-12 | 0.0977 | 0.0393     | 0.0584       |
| 171  | Aug-12 | 0.1023 | 0.0400     | 0.0623       |
| 172  | Sep-12 | 0.1038 | 0.0402     | 0.0636       |
| 173  | Oct-12 | 0.1011 | 0.0391     | 0.0620       |
| 174  | Nov-12 | 0.1032 | 0.0384     | 0.0648       |
| 175  | Dec-12 | 0.1023 | 0.0400     | 0.0623       |
| 176  | Jan-13 | 0.1013 | 0.0415     | 0.0598       |
| 177  | Feb-13 | 0.0982 | 0.0418     | 0.0564       |
| 178  | Mar-13 | 0.1018 | 0.0420     | 0.0598       |
| 179  | Apr-13 | 0.1001 | 0.0400     | 0.0601       |
| 180  | May-13 | 0.1000 | 0.0417     | 0.0583       |
| 181  | Jun-13 | 0.1000 | 0.0453     | 0.0547       |
| 182  | Jul-13 | 0.0983 | 0.0468     | 0.0515       |
| 183  | Aug-13 | 0.0982 | 0.0473     | 0.0509       |
| 184  | Sep-13 | 0.0991 | 0.0480     | 0.0511       |
| 185  | Oct-13 | 0.0998 | 0.0470     | 0.0528       |
| 186  | Nov-13 | 0.0964 | 0.0477     | 0.0487       |
| 187  | Dec-13 | 0.0966 | 0.0481     | 0.0485       |
| 188  | Jan-14 | 0.0948 | 0.0463     | 0.0485       |
| 189  | Feb-14 | 0.1019 | 0.0453     | 0.0566       |

| LINE | DATE   | DCF    | BOND YIELD | RISK PREMIUM |
|------|--------|--------|------------|--------------|
| 190  | Mar-14 | 0.1027 | 0.0451     | 0.0576       |
| 191  | Apr-14 | 0.1081 | 0.0441     | 0.0640       |
| 192  | May-14 | 0.1069 | 0.0426     | 0.0643       |
| 193  | Jun-14 | 0.1059 | 0.0429     | 0.0630       |
| 194  | Jul-14 | 0.1075 | 0.0423     | 0.0652       |
| 195  | Aug-14 | 0.1069 | 0.0413     | 0.0656       |
| 196  | Sep-14 | 0.1058 | 0.0424     | 0.0634       |
| 197  | Oct-14 | 0.1131 | 0.0406     | 0.0725       |
| 198  | Nov-14 | 0.1113 | 0.0409     | 0.0704       |
| 199  | Dec-14 | 0.1105 | 0.0395     | 0.0710       |
| 200  | Jan-15 | 0.1043 | 0.0358     | 0.0685       |
| 201  | Feb-15 | 0.1043 | 0.0367     | 0.0676       |
| 202  | Mar-15 | 0.1062 | 0.0374     | 0.0688       |
| 203  | Apr-15 | 0.1072 | 0.0375     | 0.0697       |
| 204  | May-15 | 0.1067 | 0.0417     | 0.0650       |
| 205  | Jun-15 | 0.1020 | 0.0439     | 0.0581       |
| 206  | Jul-15 | 0.0974 | 0.0440     | 0.0534       |
| 207  | Aug-15 | 0.0949 | 0.0425     | 0.0524       |

Notes: A-rated utility bond yield information from the Mergent Bond Record. DCF results are calculated using a quarterly DCF model as follows:

- D<sub>0</sub> = Latest quarterly dividend per *Value Line* and Yahoo Finance.
- P<sub>0</sub> = Average of the monthly high and low stock prices for each month from Thomson Reuters.
- FC = Flotation costs expressed as a percent of gross proceeds.
- g = I/B/E/S forecast of future earnings growth for each month.
- k = Cost of equity using the quarterly version of the DCF model shown by the formula below:

$$k = \left[ \frac{d_0(1+g)^4}{P_0(1-FC)} + (1+g)^4 \right] - 1$$

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 4**  
**COMPARATIVE RETURNS ON S&P 500 STOCK INDEX**  
**AND MOODY'S A-RATED BONDS 1937 – 2015**

| LINE | YEAR | S&P 500 STOCK PRICE | STOCK DIVIDEND YIELD | STOCK RETURN | A-RATED BOND PRICE | BOND RETURN | RISK PREMIUM |
|------|------|---------------------|----------------------|--------------|--------------------|-------------|--------------|
| 1    | 2015 | 2,028.18            | 0.0208               |              | \$107.65           |             |              |
| 2    | 2014 | 1,822.36            | 0.0210               | 13.39%       | \$89.89            | 24.20%      | -10.81%      |
| 3    | 2013 | 1,481.11            | 0.0220               | 25.24%       | \$97.45            | -3.65%      | 28.89%       |
| 4    | 2012 | 1,300.58            | 0.0214               | 16.02%       | \$94.36            | 7.52%       | 8.50%        |
| 5    | 2011 | 1,282.62            | 0.0185               | 3.25%        | \$77.36            | 27.14%      | -23.89%      |
| 6    | 2010 | 1,123.58            | 0.0203               | 16.18%       | \$75.02            | 8.44%       | 7.74%        |
| 7    | 2009 | 865.58              | 0.0310               | 32.91%       | \$68.43            | 15.48%      | 17.43%       |
| 8    | 2008 | 1,378.76            | 0.0206               | -35.16%      | \$72.25            | 0.24%       | -35.40%      |
| 9    | 2007 | 1,424.16            | 0.0181               | -1.38%       | \$72.91            | 4.59%       | -5.97%       |
| 10   | 2006 | 1,278.72            | 0.0183               | 13.20%       | \$75.25            | 2.20%       | 11.01%       |
| 11   | 2005 | 1,181.41            | 0.0177               | 10.01%       | \$74.91            | 5.80%       | 4.21%        |
| 12   | 2004 | 1,132.52            | 0.0162               | 5.94%        | \$70.87            | 11.34%      | -5.40%       |
| 13   | 2003 | 895.84              | 0.0180               | 28.22%       | \$62.26            | 20.27%      | 7.95%        |
| 14   | 2002 | 1,140.21            | 0.0138               | -20.05%      | \$57.44            | 15.35%      | -35.40%      |
| 15   | 2001 | 1,335.63            | 0.0116               | -13.47%      | \$56.40            | 8.93%       | -22.40%      |
| 16   | 2000 | 1,425.59            | 0.0118               | -5.13%       | \$52.60            | 14.82%      | -19.95%      |
| 17   | 1999 | 1,248.77            | 0.0130               | 15.46%       | \$63.03            | -10.20%     | 25.66%       |
| 18   | 1998 | 963.35              | 0.0162               | 31.25%       | \$62.43            | 7.38%       | 23.87%       |
| 19   | 1997 | 766.22              | 0.0195               | 27.68%       | \$56.62            | 17.32%      | 10.36%       |
| 20   | 1996 | 614.42              | 0.0231               | 27.02%       | \$60.91            | -0.48%      | 27.49%       |
| 21   | 1995 | 465.25              | 0.0287               | 34.93%       | \$50.22            | 29.26%      | 5.68%        |
| 22   | 1994 | 472.99              | 0.0269               | 1.05%        | \$60.01            | -9.65%      | 10.71%       |
| 23   | 1993 | 435.23              | 0.0288               | 11.56%       | \$53.13            | 20.48%      | -8.93%       |
| 24   | 1992 | 416.08              | 0.0290               | 7.50%        | \$49.56            | 15.27%      | -7.77%       |
| 25   | 1991 | 325.49              | 0.0382               | 31.65%       | \$44.84            | 19.44%      | 12.21%       |
| 26   | 1990 | 339.97              | 0.0341               | -0.85%       | \$45.60            | 7.11%       | -7.96%       |
| 27   | 1989 | 285.41              | 0.0364               | 22.76%       | \$43.06            | 15.18%      | 7.58%        |
| 28   | 1988 | 250.48              | 0.0366               | 17.61%       | \$40.10            | 17.36%      | 0.25%        |
| 29   | 1987 | 264.51              | 0.0317               | -2.13%       | \$48.92            | -9.84%      | 7.71%        |
| 30   | 1986 | 208.19              | 0.0390               | 30.95%       | \$39.98            | 32.36%      | -1.41%       |
| 31   | 1985 | 171.61              | 0.0451               | 25.83%       | \$32.57            | 35.05%      | -9.22%       |
| 32   | 1984 | 166.39              | 0.0427               | 7.41%        | \$31.49            | 16.12%      | -8.72%       |
| 33   | 1983 | 144.27              | 0.0479               | 20.12%       | \$29.41            | 20.65%      | -0.53%       |
| 34   | 1982 | 117.28              | 0.0595               | 28.96%       | \$24.48            | 36.48%      | -7.51%       |
| 35   | 1981 | 132.97              | 0.0480               | -7.00%       | \$29.37            | -3.01%      | -3.99%       |
| 36   | 1980 | 110.87              | 0.0541               | 25.34%       | \$34.69            | -3.81%      | 29.16%       |
| 37   | 1979 | 99.71               | 0.0533               | 16.52%       | \$43.91            | -11.89%     | 28.41%       |
| 38   | 1978 | 90.25               | 0.0532               | 15.80%       | \$49.09            | -2.40%      | 18.20%       |
| 39   | 1977 | 103.80              | 0.0399               | -9.06%       | \$50.95            | 4.20%       | -13.27%      |
| 40   | 1976 | 96.86               | 0.0380               | 10.96%       | \$43.91            | 25.13%      | -14.17%      |

| LINE | YEAR    | S&P 500 STOCK PRICE | STOCK DIVIDEND YIELD | STOCK RETURN | A-RATED BOND PRICE | BOND RETURN | RISK PREMIUM |
|------|---------|---------------------|----------------------|--------------|--------------------|-------------|--------------|
| 41   | 1975    | 72.56               | 0.0507               | 38.56%       | \$41.76            | 14.75%      | 23.81%       |
| 42   | 1974    | 96.11               | 0.0364               | -20.86%      | \$52.54            | -12.91%     | -7.96%       |
| 43   | 1973    | 118.40              | 0.0269               | -16.14%      | \$58.51            | -3.37%      | -12.77%      |
| 44   | 1972    | 103.30              | 0.0296               | 17.58%       | \$56.47            | 10.69%      | 6.89%        |
| 45   | 1971    | 93.49               | 0.0332               | 13.81%       | \$53.93            | 12.13%      | 1.69%        |
| 46   | 1970    | 90.31               | 0.0356               | 7.08%        | \$50.46            | 14.81%      | -7.73%       |
| 47   | 1969    | 102.00              | 0.0306               | -8.40%       | \$62.43            | -12.76%     | 4.36%        |
| 48   | 1968    | 95.04               | 0.0313               | 10.45%       | \$66.97            | -0.81%      | 11.26%       |
| 49   | 1967    | 84.45               | 0.0351               | 16.05%       | \$78.69            | -9.81%      | 25.86%       |
| 50   | 1966    | 93.32               | 0.0302               | -6.48%       | \$86.57            | -4.48%      | -2.00%       |
| 51   | 1965    | 86.12               | 0.0299               | 11.35%       | \$91.40            | -0.91%      | 12.26%       |
| 52   | 1964    | 76.45               | 0.0305               | 15.70%       | \$92.01            | 3.68%       | 12.02%       |
| 53   | 1963    | 65.06               | 0.0331               | 20.82%       | \$93.56            | 2.61%       | 18.20%       |
| 54   | 1962    | 69.07               | 0.0297               | -2.84%       | \$89.60            | 8.89%       | -11.73%      |
| 55   | 1961    | 59.72               | 0.0328               | 18.94%       | \$89.74            | 4.29%       | 14.64%       |
| 56   | 1960    | 58.03               | 0.0327               | 6.18%        | \$84.36            | 11.13%      | -4.95%       |
| 57   | 1959    | 55.62               | 0.0324               | 7.57%        | \$91.55            | -3.49%      | 11.06%       |
| 58   | 1958    | 41.12               | 0.0448               | 39.74%       | \$101.22           | -5.60%      | 45.35%       |
| 59   | 1957    | 45.43               | 0.0431               | -5.18%       | \$100.70           | 4.49%       | -9.67%       |
| 60   | 1956    | 44.15               | 0.0424               | 7.14%        | \$113.00           | -7.35%      | 14.49%       |
| 61   | 1955    | 35.60               | 0.0438               | 28.40%       | \$116.77           | 0.20%       | 28.20%       |
| 62   | 1954    | 25.46               | 0.0569               | 45.52%       | \$112.79           | 7.07%       | 38.45%       |
| 63   | 1953    | 26.18               | 0.0545               | 2.70%        | \$114.24           | 2.24%       | 0.46%        |
| 64   | 1952    | 24.19               | 0.0582               | 14.05%       | \$113.41           | 4.26%       | 9.79%        |
| 65   | 1951    | 21.21               | 0.0634               | 20.39%       | \$123.44           | -4.89%      | 25.28%       |
| 66   | 1950    | 16.88               | 0.0665               | 32.30%       | \$125.08           | 1.89%       | 30.41%       |
| 67   | 1949    | 15.36               | 0.0620               | 16.10%       | \$119.82           | 7.72%       | 8.37%        |
| 68   | 1948    | 14.83               | 0.0571               | 9.28%        | \$118.50           | 4.49%       | 4.79%        |
| 69   | 1947    | 15.21               | 0.0449               | 1.99%        | \$126.02           | -2.79%      | 4.79%        |
| 70   | 1946    | 18.02               | 0.0356               | -12.03%      | \$126.74           | 2.59%       | -14.63%      |
| 71   | 1945    | 13.49               | 0.0460               | 38.18%       | \$119.82           | 9.11%       | 29.07%       |
| 72   | 1944    | 11.85               | 0.0495               | 18.79%       | \$119.82           | 3.34%       | 15.45%       |
| 73   | 1943    | 10.09               | 0.0554               | 22.98%       | \$118.50           | 4.49%       | 18.49%       |
| 74   | 1942    | 8.93                | 0.0788               | 20.87%       | \$117.63           | 4.14%       | 16.73%       |
| 75   | 1941    | 10.55               | 0.0638               | -8.98%       | \$116.34           | 4.55%       | -13.52%      |
| 76   | 1940    | 12.30               | 0.0458               | -9.65%       | \$112.39           | 7.08%       | -16.73%      |
| 77   | 1939    | 12.50               | 0.0349               | 1.89%        | \$105.75           | 10.05%      | -8.16%       |
| 78   | 1938    | 11.31               | 0.0784               | 18.36%       | \$99.83            | 9.94%       | 8.42%        |
| 79   | 1937    | 17.59               | 0.0434               | -31.36%      | \$103.18           | 0.63%       | -31.99%      |
| 80   | Average |                     |                      | 11.3%        |                    | 6.8%        | 4.5%         |

Note: See Appendix 5 for an explanation of how stock and bond returns are derived and the source of the data presented.

**ATMOS ENERGY  
EXHIBIT\_(JVW-1)  
SCHEDULE 5**

**COMPARATIVE RETURNS ON S&P UTILITY STOCK INDEX  
AND MOODY'S A-RATED BONDS 1937 - 2015**

| LINE | YEAR | S&P<br>UTILITY<br>STOCK<br>PRICE | STOCK<br>DIVIDEND<br>YIELD | STOCK<br>RETURN | A-RATED<br>BOND<br>PRICE | BOND<br>RETURN | RISK<br>PREMIUM |
|------|------|----------------------------------|----------------------------|-----------------|--------------------------|----------------|-----------------|
| 1    | 2015 |                                  |                            |                 | \$107.65                 |                |                 |
| 2    | 2014 |                                  |                            | 28.91%          | \$89.89                  | 24.20%         | 4.71%           |
| 3    | 2013 |                                  |                            | 13.01%          | \$97.45                  | -3.65%         | 16.66%          |
| 4    | 2012 |                                  |                            | 2.09%           | \$94.36                  | 7.52%          | -5.43%          |
| 5    | 2011 |                                  |                            | 19.99%          | \$77.36                  | 27.14%         | -7.15%          |
| 6    | 2010 |                                  |                            | 7.04%           | \$75.02                  | 8.44%          | -1.40%          |
| 7    | 2009 |                                  |                            | 10.71%          | \$68.43                  | 15.48%         | -4.77%          |
| 8    | 2008 |                                  |                            | -25.90%         | \$72.25                  | 0.24%          | -26.14%         |
| 9    | 2007 |                                  |                            | 16.56%          | \$72.91                  | 4.59%          | 11.96%          |
| 10   | 2006 |                                  |                            | 20.76%          | \$75.25                  | 2.20%          | 18.56%          |
| 11   | 2005 |                                  |                            | 16.05%          | \$74.91                  | 5.80%          | 10.25%          |
| 12   | 2004 |                                  |                            | 22.84%          | \$70.87                  | 11.34%         | 11.50%          |
| 13   | 2003 |                                  |                            | 23.48%          | \$62.26                  | 20.27%         | 3.21%           |
| 14   | 2002 |                                  |                            | -14.73%         | \$57.44                  | 15.35%         | -30.08%         |
| 15   | 2001 | 307.70                           | 0.0287                     | -17.90%         | \$56.40                  | 8.93%          | -26.83%         |
| 16   | 2000 | 239.17                           | 0.0413                     | 32.78%          | \$52.60                  | 14.82%         | 17.96%          |
| 17   | 1999 | 253.52                           | 0.0394                     | -1.72%          | \$63.03                  | -10.20%        | 8.48%           |
| 18   | 1998 | 228.61                           | 0.0457                     | 15.47%          | \$62.43                  | 7.38%          | 8.09%           |
| 19   | 1997 | 201.14                           | 0.0492                     | 18.58%          | \$56.62                  | 17.32%         | 1.26%           |
| 20   | 1996 | 202.57                           | 0.0454                     | 3.83%           | \$60.91                  | -0.48%         | 4.31%           |
| 21   | 1995 | 153.87                           | 0.0584                     | 37.49%          | \$50.22                  | 29.26%         | 8.23%           |
| 22   | 1994 | 168.70                           | 0.0496                     | -3.83%          | \$60.01                  | -9.65%         | 5.82%           |
| 23   | 1993 | 159.79                           | 0.0537                     | 10.95%          | \$53.13                  | 20.48%         | -9.54%          |
| 24   | 1992 | 149.70                           | 0.0572                     | 12.46%          | \$49.56                  | 15.27%         | -2.81%          |
| 25   | 1991 | 138.38                           | 0.0607                     | 14.25%          | \$44.84                  | 19.44%         | -5.19%          |
| 26   | 1990 | 146.04                           | 0.0558                     | 0.33%           | \$45.60                  | 7.11%          | -6.78%          |
| 27   | 1989 | 114.37                           | 0.0699                     | 34.68%          | \$43.06                  | 15.18%         | 19.51%          |
| 28   | 1988 | 106.13                           | 0.0704                     | 14.80%          | \$40.10                  | 17.36%         | -2.55%          |
| 29   | 1987 | 120.09                           | 0.0588                     | -5.74%          | \$48.92                  | -9.84%         | 4.10%           |
| 30   | 1986 | 92.06                            | 0.0742                     | 37.87%          | \$39.98                  | 32.36%         | 5.51%           |
| 31   | 1985 | 75.83                            | 0.0860                     | 30.00%          | \$32.57                  | 35.05%         | -5.04%          |
| 32   | 1984 | 68.50                            | 0.0925                     | 19.95%          | \$31.49                  | 16.12%         | 3.83%           |
| 33   | 1983 | 61.89                            | 0.0948                     | 20.16%          | \$29.41                  | 20.65%         | -0.49%          |
| 34   | 1982 | 51.81                            | 0.1074                     | 30.20%          | \$24.48                  | 36.48%         | -6.28%          |
| 35   | 1981 | 52.01                            | 0.0978                     | 9.40%           | \$29.37                  | -3.01%         | 12.41%          |
| 36   | 1980 | 50.26                            | 0.0953                     | 13.01%          | \$34.69                  | -3.81%         | 16.83%          |
| 37   | 1979 | 50.33                            | 0.0893                     | 8.79%           | \$43.91                  | -11.89%        | 20.68%          |
| 38   | 1978 | 52.40                            | 0.0791                     | 3.96%           | \$49.09                  | -2.40%         | 6.36%           |
| 39   | 1977 | 54.01                            | 0.0714                     | 4.16%           | \$50.95                  | 4.20%          | -0.04%          |
| 40   | 1976 | 46.99                            | 0.0776                     | 22.70%          | \$43.91                  | 25.13%         | -2.43%          |
| 41   | 1975 | 38.19                            | 0.0920                     | 32.24%          | \$41.76                  | 14.75%         | 17.49%          |
| 42   | 1974 | 48.60                            | 0.0713                     | -14.29%         | \$52.54                  | -12.91%        | -1.38%          |
| 43   | 1973 | 60.01                            | 0.0556                     | -13.45%         | \$58.51                  | -3.37%         | -10.08%         |
| 44   | 1972 | 60.19                            | 0.0542                     | 5.12%           | \$56.47                  | 10.69%         | -5.57%          |
| 45   | 1971 | 63.43                            | 0.0504                     | -0.07%          | \$53.93                  | 12.13%         | -12.19%         |

| LINE | YEAR    | S&P<br>UTILITY<br>STOCK<br>PRICE | STOCK<br>DIVIDEND<br>YIELD | STOCK<br>RETURN | A-RATED<br>BOND<br>PRICE | BOND<br>RETURN | RISK<br>PREMIUM |
|------|---------|----------------------------------|----------------------------|-----------------|--------------------------|----------------|-----------------|
| 46   | 1970    | 55.72                            | 0.0561                     | 19.45%          | \$50.46                  | 14.81%         | 4.64%           |
| 47   | 1969    | 68.65                            | 0.0445                     | -14.38%         | \$62.43                  | -12.76%        | -1.62%          |
| 48   | 1968    | 68.02                            | 0.0435                     | 5.28%           | \$66.97                  | -0.81%         | 6.08%           |
| 49   | 1967    | 70.63                            | 0.0392                     | 0.22%           | \$78.69                  | -9.81%         | 10.03%          |
| 50   | 1966    | 74.50                            | 0.0347                     | -1.72%          | \$86.57                  | -4.48%         | 2.76%           |
| 51   | 1965    | 75.87                            | 0.0315                     | 1.34%           | \$91.40                  | -0.91%         | 2.25%           |
| 52   | 1964    | 67.26                            | 0.0331                     | 16.11%          | \$92.01                  | 3.68%          | 12.43%          |
| 53   | 1963    | 63.35                            | 0.0330                     | 9.47%           | \$93.56                  | 2.61%          | 6.86%           |
| 54   | 1962    | 62.69                            | 0.0320                     | 4.25%           | \$89.60                  | 8.89%          | -4.64%          |
| 55   | 1961    | 52.73                            | 0.0358                     | 22.47%          | \$89.74                  | 4.29%          | 18.18%          |
| 56   | 1960    | 44.50                            | 0.0403                     | 22.52%          | \$84.36                  | 11.13%         | 11.39%          |
| 57   | 1959    | 43.96                            | 0.0377                     | 5.00%           | \$91.55                  | -3.49%         | 8.49%           |
| 58   | 1958    | 33.30                            | 0.0487                     | 36.88%          | \$101.22                 | -5.60%         | 42.48%          |
| 59   | 1957    | 32.32                            | 0.0487                     | 7.90%           | \$100.70                 | 4.49%          | 3.41%           |
| 60   | 1956    | 31.55                            | 0.0472                     | 7.16%           | \$113.00                 | -7.35%         | 14.51%          |
| 61   | 1955    | 29.89                            | 0.0461                     | 10.16%          | \$116.77                 | 0.20%          | 9.97%           |
| 62   | 1954    | 25.51                            | 0.0520                     | 22.37%          | \$112.79                 | 7.07%          | 15.30%          |
| 63   | 1953    | 24.41                            | 0.0511                     | 9.62%           | \$114.24                 | 2.24%          | 7.38%           |
| 64   | 1952    | 22.22                            | 0.0550                     | 15.36%          | \$113.41                 | 4.26%          | 11.10%          |
| 65   | 1951    | 20.01                            | 0.0606                     | 17.10%          | \$123.44                 | -4.89%         | 21.99%          |
| 66   | 1950    | 20.20                            | 0.0554                     | 4.60%           | \$125.08                 | 1.89%          | 2.71%           |
| 67   | 1949    | 16.54                            | 0.0570                     | 27.83%          | \$119.82                 | 7.72%          | 20.10%          |
| 68   | 1948    | 16.53                            | 0.0535                     | 5.41%           | \$118.50                 | 4.49%          | 0.92%           |
| 69   | 1947    | 19.21                            | 0.0354                     | -10.41%         | \$126.02                 | -2.79%         | -7.62%          |
| 70   | 1946    | 21.34                            | 0.0298                     | -7.00%          | \$126.74                 | 2.59%          | -9.59%          |
| 71   | 1945    | 13.91                            | 0.0448                     | 57.89%          | \$119.82                 | 9.11%          | 48.79%          |
| 72   | 1944    | 12.10                            | 0.0569                     | 20.65%          | \$119.82                 | 3.34%          | 17.31%          |
| 73   | 1943    | 9.22                             | 0.0621                     | 37.45%          | \$118.50                 | 4.49%          | 32.96%          |
| 74   | 1942    | 8.54                             | 0.0940                     | 17.36%          | \$117.63                 | 4.14%          | 13.22%          |
| 75   | 1941    | 13.25                            | 0.0717                     | -28.38%         | \$116.34                 | 4.55%          | -32.92%         |
| 76   | 1940    | 16.97                            | 0.0540                     | -16.52%         | \$112.39                 | 7.08%          | -23.60%         |
| 77   | 1939    | 16.05                            | 0.0553                     | 11.26%          | \$105.75                 | 10.05%         | 1.21%           |
| 78   | 1938    | 14.30                            | 0.0730                     | 19.54%          | \$99.83                  | 9.94%          | 9.59%           |
| 79   | 1937    | 24.34                            | 0.0432                     | -36.93%         | \$103.18                 | 0.63%          | -37.55%         |
| 80   | Average |                                  |                            | 10.7%           |                          | 6.8%           | 3.9%            |

See Appendix 5 for an explanation of how stock and bond returns are derived and the source of the data presented. Standard & Poor's discontinued its S&P Utilities Index in December 2001 and replaced its utilities stock index with separate indices for electric and natural gas utilities. In this study, the stock returns beginning in 2002 are based on the total returns for the EEI Index of U.S. shareholder-owned electric utilities, as reported by EEI on its website. <http://www.eei.org/whatwedo/DataAnalysis/IndusFinanAnalysis/Pages/QtrlyFinancialUpdates.aspx>



**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 6**  
**USING THE ARITHMETIC MEAN TO ESTIMATE**  
**THE COST OF EQUITY CAPITAL**

Consider an investment that in a given year generates a return of 30 percent with probability equal to .5 and a return of -10 percent with a probability equal to .5. For each one dollar invested, the possible outcomes of this investment at the end of year one are:

| ENDING WEALTH | PROBABILITY |
|---------------|-------------|
| \$1.30        | 0.50        |
| \$0.90        | 0.50        |

At the end of year two, the possible outcomes are:

| ENDING WEALTH   |   |        | PROBABILITY | VALUE X<br>PROBABILITY |
|-----------------|---|--------|-------------|------------------------|
| (1.30) (1.30)   | = | \$1.69 | 0.25        | 0.4225                 |
| (1.30) (.9)     | = | \$1.17 | 0.50        | 0.5850                 |
| (.9) (.9)       | = | \$0.81 | 0.25        | 0.2025                 |
| Expected Wealth | = |        |             | \$1.21                 |

The expected value of this investment at the end of year two is \$1.21. In a competitive capital market, the cost of equity is equal to the expected rate of return on an investment. In the above example, the cost of equity is that rate of return which will make the initial investment of one dollar grow to the expected value of \$1.21 at the end of two years. Thus, the cost of equity is the solution to the equation:

$$1(1+k)^2 = 1.21 \text{ or}$$

$$k = (1.21/1)^{.5} - 1 = 10\%.$$

The arithmetic mean of this investment is:

$$(30\%) (.5) + (-10\%) (.5) = 10\%.$$

Thus, the arithmetic mean is equal to the cost of equity capital.

The geometric mean of this investment is:

$$[(1.3) (.9)]^{.5} - 1 = .082 = 8.2\%.$$

Thus, the geometric mean is not equal to the cost of equity capital.

The lesson is obvious: for an investment with an uncertain outcome, the arithmetic mean is the best measure of the cost of equity capital.

**ATMOS ENERGY  
EXHIBIT (JVW-1)  
SCHEDULE 7**

**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY  
USING THE IBBOTSON® SBBI® 7 PERCENT RISK PREMIUM**

| LINE | COMPANY                      | VALUE LINE BETA | RISK-FREE RATE | MARKET RISK PREMIUM | BETA X RISK PREMIUM | CAPM RESULT | MARKET CAP \$ (MIL) | SIZE PREMIUM | SIZE-ADJUSTED CAPM |
|------|------------------------------|-----------------|----------------|---------------------|---------------------|-------------|---------------------|--------------|--------------------|
| 1    | Atmos Energy                 | 0.85            | 4.2%           | 7.0%                | 5.95%               | 10.3%       | 5,703               | 1.07%        | 11.4%              |
| 2    | Laclede Group                | 0.70            | 4.2%           | 7.0%                | 4.90%               | 9.3%        | 2,382               | 1.80%        | 10.1%              |
| 3    | New Jersey Resources         | 0.80            | 4.2%           | 7.0%                | 5.60%               | 10.0%       | 2,510               | 1.80%        | 11.8%              |
| 4    | Northwest Nat. Gas           | 0.70            | 4.2%           | 7.0%                | 4.90%               | 9.3%        | 1,267               | 1.80%        | 11.1%              |
| 5    | Piedmont Natural Gas         | 0.80            | 4.2%           | 7.0%                | 5.60%               | 10.0%       | 3,126               | 1.07%        | 11.1%              |
| 6    | South Jersey Inds.           | 0.85            | 4.2%           | 7.0%                | 5.95%               | 10.3%       | 1,753               | 1.80%        | 12.1%              |
| 7    | UGI Corp.                    | 0.95            | 4.2%           | 7.0%                | 6.65%               | 11.0%       | 6,065               | 1.07%        | 12.1%              |
| 8    | WGL Holdings Inc.            | 0.80            | 4.2%           | 7.0%                | 5.60%               | 10.0%       | 2,859               | 1.07%        | 11.1%              |
| 9    | Average                      | 0.81            | 4.2%           | 7.0%                | 5.67%               | 10.1%       |                     |              | 11.5%              |
| 10   | Average Unadjusted, Adjusted |                 |                |                     |                     | 10.8%       |                     |              |                    |

| ESTIMATES OF SIZE PREMIA  |                                 |                                |         |
|---------------------------|---------------------------------|--------------------------------|---------|
| Decile                    | Smallest Mkt. Cap. (\$Millions) | Largest Mkt. Cap. (\$Millions) | Premium |
| Large-Cap (No Adjustment) | >10,105.622                     |                                | 0       |
| Mid-Cap (3-5)             | 2,552.441                       | 10,105.622                     | 1.07%   |
| Low-Cap (6-8)             | 549.056                         | 2,542.913                      | 1.80%   |
| Micro-Cap (9-10)          | 3.037                           | 548.839                        | 3.74%   |

Estimates of size premia from *2015 Valuation Handbook, Guide to Cost of Capital, Market Results Through 2014*, Duff & Phelps, John Wiley & Sons, Inc., Appendix 3. Ibbotson SBBI® risk premium from 2015 Ibbotson® SBBI® Stocks, Bonds, Bills, and Inflation® Yearbook; Value Line beta for comparable companies from Value Line Investment Analyzer. Value Line forecasts a yield on 10-year Treasury notes equal to 3.5 percent. The current spread between the average August 2015 yield on 10-year Treasury notes (2.17 percent) and 20-year Treasury bonds (2.55 percent) is 38 basis points. Adding 38 basis points to Value Line's 3.5 percent forecasted yield on 10-year Treasury notes produces a forecasted yield of 3.88 percent for 20-year Treasury bonds (see Value Line Investment Survey, Selection & Opinion, Sep. 4, 2015). EIA forecasts a yield of 4.11 percent on 10-year Treasury notes. Adding the 38 basis point spread between 10-year Treasury notes and 20-year Treasury bonds to the EIA forecast of 4.11 percent for 10-year Treasury notes produces an EIA forecast for 20-year Treasury bonds equal to 4.49 percent. The average of the forecasts is 4.2 percent (3.9 percent using Value Line data and 4.5 percent using EIA data).

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 8**  
**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY**  
**USING DCF ESTIMATE OF THE EXPECTED RATE OF RETURN**  
**ON THE MARKET PORTFOLIO**

| LINE NO. | FACTOR              | VALUE | DESCRIPTION                                |
|----------|---------------------|-------|--|
| 1        | Risk-free Rate      | 4.2%  | Long-term Treasury bond yield forecast     |
| 2        | Beta                | 0.81  | Average beta natural gas companies         |
| 3        | DCF S&P 500         | 11.8% | DCF Cost of Equity S&P 500 (see following) |
| 4        | Risk Premium        | 7.6%  |  |
| 5        | Beta * Risk Premium | 6.2%  |  |
| 6        | Flotation cost      | 0.18% |  |
| 7        | Cost of Equity      | 10.6% |  |

Value Line beta for comparable companies from Value Line Investment Analyzer. Value Line forecasts a yield on 10-year Treasury notes equal to 3.5 percent. The current spread between the average August 2015 yield on 10-year Treasury notes (2.17 percent) and 20-year Treasury bonds (2.55 percent) is 38 basis points. Adding 38 basis points to Value Line's 3.5 percent forecasted yield on 10-year Treasury notes produces a forecasted yield of 3.88 percent for 20-year Treasury bonds (see Value Line Investment Survey, Selection & Opinion, Sep. 4, 2015). EIA forecasts a yield of 4.11 percent on 10-year Treasury notes. Adding the 38 basis point spread between 10-year Treasury notes and 20-year Treasury bonds to the EIA forecast of 4.11 percent for 10-year Treasury notes produces an EIA forecast for 20-year Treasury bonds equal to 4.49 percent. The average of the forecasts is 4.2 percent (3.9 percent using Value Line data and 4.5 percent using EIA data).

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 8 (CONTINUED)**  
**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY**  
**USING DCF ESTIMATE OF THE EXPECTED RATE OF RETURN**  
**ON THE MARKET PORTFOLIO**  
**SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS FOR S&P 500 COMPANIES**

|    | COMPANY                 | STOCK PRICE (P <sub>0</sub> ) | D <sub>0</sub> | FORECAST OF FUTURE EARNINGS GROWTH | MODEL RESULT | MARKET CAP \$ (MILS) |
|----|-------------------------|-------------------------------|----------------|------------------------------------|--------------|----------------------|
| 1  | 3M                      | 151.28                        | 4.10           | 8.63%                              | 11.6%        | 89,557               |
| 2  | ABBOTT LABORATORIES     | 48.72                         | 0.96           | 9.57%                              | 11.7%        | 72,331               |
| 3  | ACCENTURE CLASS A       | 98.14                         | 2.04           | 9.28%                              | 11.6%        | 62,395               |
| 4  | ACE                     | 104.32                        | 2.68           | 9.60%                              | 12.4%        | 34,809               |
| 5  | ACTIVISION BLIZZARD     | 25.84                         | 0.23           | 10.75%                             | 11.7%        | 20,398               |
| 6  | ADV.AUTO PARTS          | 165.84                        | 0.24           | 13.11%                             | 13.3%        | 13,505               |
| 7  | AETNA                   | 117.64                        | 1.00           | 11.08%                             | 12.0%        | 41,320               |
| 8  | AIRGAS                  | 102.10                        | 2.40           | 8.50%                              | 11.1%        | 7,689                |
| 9  | ALLSTATE                | 65.06                         | 1.20           | 8.43%                              | 10.4%        | 25,104               |
| 10 | ALTERA                  | 49.56                         | 0.72           | 10.25%                             | 11.9%        | 14,715               |
| 11 | ALTRIA GROUP            | 51.17                         | 2.26           | 8.47%                              | 13.3%        | 107,309              |
| 12 | AMERICAN EXPRESS        | 77.81                         | 1.16           | 8.47%                              | 10.1%        | 78,861               |
| 13 | AMERICAN INTL.GP.       | 61.09                         | 1.12           | 10.67%                             | 12.7%        | 79,846               |
| 14 | AMETEK                  | 54.07                         | 0.36           | 12.30%                             | 13.0%        | 13,334               |
| 15 | ANTHEM                  | 156.66                        | 2.50           | 10.92%                             | 12.7%        | 38,678               |
| 16 | AON CLASS A             | 99.72                         | 1.20           | 11.67%                             | 13.0%        | 27,814               |
| 17 | ASSURANT                | 71.52                         | 2.00           | 8.47%                              | 11.5%        | 5,152                |
| 18 | AUTOMATIC DATA PROC.    | 79.45                         | 1.96           | 10.40%                             | 13.1%        | 38,527               |
| 19 | BEST BUY                | 33.39                         | 0.92           | 10.74%                             | 13.8%        | 11,088               |
| 20 | BLACKROCK               | 335.82                        | 8.72           | 11.22%                             | 14.1%        | 51,883               |
| 21 | BORGWARNER              | 52.46                         | 0.52           | 10.78%                             | 11.9%        | 10,252               |
| 22 | C R BARD                | 182.44                        | 0.96           | 10.78%                             | 11.4%        | 14,490               |
| 23 | CH ROBINSON WWD.        | 65.91                         | 1.52           | 10.16%                             | 12.7%        | 9,815                |
| 24 | CIGNA                   | 148.65                        | 0.04           | 12.40%                             | 12.4%        | 37,399               |
| 25 | CINTAS                  | 85.05                         | 0.85           | 12.22%                             | 13.3%        | 9,737                |
| 26 | CISCO SYSTEMS           | 27.47                         | 0.84           | 9.40%                              | 12.8%        | 137,522              |
| 27 | COLGATE-PALM.           | 64.55                         | 1.52           | 7.58%                              | 10.1%        | 59,400               |
| 28 | COMERICA                | 48.28                         | 0.84           | 9.82%                              | 11.7%        | 7,982                |
| 29 | COSTCO WHOLESALE        | 137.44                        | 1.60           | 9.50%                              | 10.8%        | 63,159               |
| 30 | CSX                     | 31.24                         | 0.72           | 7.97%                              | 10.5%        | 27,899               |
| 31 | CUMMINS                 | 127.93                        | 3.90           | 10.30%                             | 13.7%        | 22,167               |
| 32 | DISCOVER FINANCIAL SVS. | 56.58                         | 1.12           | 8.75%                              | 10.9%        | 24,155               |
| 33 | DOVER                   | 67.14                         | 1.68           | 8.52%                              | 11.3%        | 9,574                |
| 34 | DR PEPPER SNAPPLE GROUP | 76.47                         | 1.92           | 7.74%                              | 10.5%        | 15,542               |
| 35 | EASTMAN CHEMICAL        | 76.31                         | 1.60           | 7.80%                              | 10.1%        | 10,985               |
| 36 | EATON                   | 63.08                         | 2.20           | 8.80%                              | 12.6%        | 27,171               |
| 37 | ELI LILLY               | 83.77                         | 2.00           | 10.20%                             | 12.9%        | 96,809               |
| 38 | EMC                     | 26.04                         | 0.46           | 12.00%                             | 14.0%        | 49,465               |
| 39 | EQUIFAX                 | 98.98                         | 1.16           | 10.80%                             | 12.1%        | 12,040               |
| 40 | ESTEE LAUDER COS.'A'    | 86.21                         | 0.96           | 12.28%                             | 13.5%        | 18,561               |
| 41 | FLUOR                   | 50.02                         | 0.84           | 9.17%                              | 11.0%        | 6,646                |

|    | COMPANY                      | STOCK PRICE (P <sub>0</sub> ) | D <sub>0</sub> | FORECAST OF FUTURE EARNINGS GROWTH | MODEL RESULT | MARKET CAP \$ (MILS) |
|----|------------------------------|-------------------------------|----------------|------------------------------------|--------------|----------------------|
| 42 | GARMIN                       | 42.82                         | 2.04           | 6.57%                              | 11.7%        | 7,447                |
| 43 | GENERAL DYNAMICS             | 144.21                        | 2.76           | 10.23%                             | 12.4%        | 48,064               |
| 44 | GENERAL ELECTRIC             | 25.46                         | 0.92           | 7.57%                              | 11.5%        | 254,329              |
| 45 | GENERAL MILLS                | 55.19                         | 1.76           | 6.56%                              | 10.0%        | 34,675               |
| 46 | GOLDMAN SACHS GP.            | 203.69                        | 2.60           | 9.04%                              | 10.4%        | 85,167               |
| 47 | HALLIBURTON                  | 41.02                         | 0.72           | 10.93%                             | 12.9%        | 32,224               |
| 48 | HERSHEY                      | 89.79                         | 2.33           | 8.38%                              | 11.2%        | 14,510               |
| 49 | HONEYWELL INTL.              | 101.62                        | 2.07           | 9.62%                              | 11.9%        | 80,240               |
| 50 | INGERSOLL-RAND               | 63.72                         | 1.16           | 9.91%                              | 11.9%        | 15,812               |
| 51 | INTEL                        | 29.64                         | 0.96           | 8.25%                              | 11.8%        | 130,878              |
| 52 | INTUIT                       | 100.73                        | 1.20           | 12.28%                             | 13.6%        | 28,375               |
| 53 | J M SMUCKER                  | 111.15                        | 2.68           | 8.43%                              | 11.1%        | 13,374               |
| 54 | JUNIPER NETWORKS             | 26.95                         | 0.40           | 12.40%                             | 14.1%        | 10,518               |
| 55 | KEYCORP                      | 14.65                         | 0.30           | 9.53%                              | 11.8%        | 11,957               |
| 56 | KROGER                       | 35.84                         | 0.42           | 10.53%                             | 11.8%        | 35,632               |
| 57 | L BRANDS                     | 83.29                         | 2.00           | 10.11%                             | 12.8%        | 24,507               |
| 58 | LENNAR 'A'                   | 50.85                         | 0.16           | 11.60%                             | 12.0%        | 9,450                |
| 59 | LINCOLN NATIONAL             | 56.52                         | 0.80           | 8.98%                              | 10.5%        | 13,341               |
| 60 | LINEAR TECHNOLOGY            | 42.66                         | 1.20           | 9.00%                              | 12.1%        | 9,466                |
| 61 | MARATHON PETROLEUM           | 52.83                         | 1.28           | 9.10%                              | 11.8%        | 28,572               |
| 62 | MCDONALDS                    | 96.20                         | 3.40           | 6.67%                              | 10.5%        | 93,955               |
| 63 | MEAD JOHNSON NUTRITION       | 87.47                         | 1.65           | 9.85%                              | 11.9%        | 16,138               |
| 64 | MERCK & COMPANY              | 56.55                         | 1.80           | 6.92%                              | 10.4%        | 160,407              |
| 65 | MICROSOFT                    | 45.09                         | 1.24           | 7.20%                              | 10.2%        | 365,188              |
| 66 | MONDELEZ INTERNATIONAL CL.A  | 42.56                         | 0.68           | 9.47%                              | 11.2%        | 70,898               |
| 67 | MONSANTO                     | 103.89                        | 2.16           | 11.28%                             | 13.6%        | 46,854               |
| 68 | NASDAQ                       | 50.62                         | 1.00           | 8.00%                              | 10.1%        | 8,963                |
| 69 | NETAPP                       | 31.64                         | 0.72           | 11.50%                             | 14.1%        | 9,237                |
| 70 | NEWELL RUBBERMAID            | 41.52                         | 0.76           | 9.78%                              | 11.8%        | 11,611               |
| 71 | NEWS 'A'                     | 14.56                         | 0.20           | 9.69%                              | 11.2%        | 5,442                |
| 72 | NIKE 'B'                     | 107.98                        | 1.12           | 12.36%                             | 13.5%        | 76,131               |
| 73 | PARKER-HANNIFIN              | 113.21                        | 2.52           | 9.34%                              | 11.8%        | 14,971               |
| 74 | PATTERSON COMPANIES          | 49.06                         | 0.88           | 10.25%                             | 12.2%        | 5,185                |
| 75 | PAYCHEX                      | 46.57                         | 1.68           | 9.50%                              | 13.5%        | 17,085               |
| 76 | PENTAIR                      | 62.29                         | 1.28           | 8.73%                              | 11.0%        | 10,605               |
| 77 | PERRIGO                      | 187.39                        | 0.50           | 12.58%                             | 12.9%        | 28,182               |
| 78 | PHILIP MORRIS INTL.          | 82.09                         | 4.00           | 6.73%                              | 12.0%        | 128,706              |
| 79 | PHILLIPS 66                  | 78.76                         | 2.24           | 8.10%                              | 11.2%        | 42,760               |
| 80 | PPG INDUSTRIES               | 108.59                        | 1.44           | 10.01%                             | 11.5%        | 27,037               |
| 81 | PRAXAIR                      | 115.30                        | 2.86           | 7.60%                              | 10.3%        | 31,985               |
| 82 | PREC.CASTPARTS               | 205.42                        | 0.12           | 10.33%                             | 10.4%        | 31,730               |
| 83 | PRINCIPAL FINL.GP.           | 52.68                         | 1.52           | 10.24%                             | 13.5%        | 16,541               |
| 84 | PROCTER & GAMBLE             | 76.61                         | 2.65           | 7.28%                              | 11.0%        | 200,529              |
| 85 | PRUDENTIAL FINL.             | 86.03                         | 2.32           | 9.35%                              | 12.3%        | 38,455               |
| 86 | QUEST DIAGNOSTICS            | 72.10                         | 1.52           | 9.92%                              | 12.3%        | 10,189               |
| 87 | ROCKWELL AUTOMATION          | 118.54                        | 2.60           | 8.26%                              | 10.7%        | 14,917               |
| 88 | ROCKWELL COLLINS             | 88.76                         | 1.32           | 10.15%                             | 11.8%        | 11,210               |
| 89 | ROPER TECHNOLOGIES           | 168.63                        | 1.00           | 12.93%                             | 13.6%        | 16,681               |
| 90 | ROSS STORES                  | 50.71                         | 0.47           | 12.13%                             | 13.2%        | 22,546               |
| 91 | SCRIPPS NETWORKS INTACT, 'A' | 62.97                         | 0.92           | 10.80%                             | 12.4%        | 5,109                |

|     | COMPANY                       | STOCK PRICE (P <sub>0</sub> ) | D <sub>0</sub> | FORECAST OF FUTURE EARNINGS GROWTH | MODEL RESULT | MARKET CAP \$ (MIL\$) |
|-----|-------------------------------|-------------------------------|----------------|------------------------------------|--------------|-----------------------|
| 92  | SEAGATE TECH.                 | 49.85                         | 2.16           | 7.33%                              | 12.1%        | 14,694                |
| 93  | SEMPRA EN.                    | 101.71                        | 2.80           | 8.81%                              | 11.8%        | 25,858                |
| 94  | ST JUDE MEDICAL               | 73.35                         | 1.16           | 10.55%                             | 12.3%        | 19,807                |
| 95  | STARWOOD H&R.WORLDWIDE        | 79.36                         | 1.50           | 9.30%                              | 11.4%        | 12,744                |
| 96  | STATE STREET                  | 76.52                         | 1.36           | 9.79%                              | 11.8%        | 30,984                |
| 97  | STRYKER                       | 97.96                         | 1.38           | 9.02%                              | 10.6%        | 38,605                |
| 98  | SYMANTEC                      | 22.86                         | 0.60           | 7.75%                              | 10.6%        | 14,607                |
| 99  | T ROWE PRICE GROUP            | 76.56                         | 2.08           | 10.54%                             | 13.6%        | 18,942                |
| 100 | TARGET                        | 80.84                         | 2.24           | 10.20%                             | 13.3%        | 50,689                |
| 101 | TEXAS INSTRUMENTS             | 50.65                         | 1.36           | 10.00%                             | 13.0%        | 48,681                |
| 102 | THERMO FISHER SCIENTIFIC      | 131.38                        | 0.60           | 9.70%                              | 10.2%        | 52,736                |
| 103 | TIFFANY & CO                  | 91.59                         | 1.60           | 10.70%                             | 12.6%        | 11,475                |
| 104 | TJX                           | 68.79                         | 0.84           | 10.98%                             | 12.3%        | 50,126                |
| 105 | TOTAL SYSTEM SERVICES         | 44.02                         | 0.40           | 10.00%                             | 11.0%        | 8,732                 |
| 106 | TRAVELERS COS.                | 101.05                        | 2.44           | 8.87%                              | 11.5%        | 32,894                |
| 107 | TWENTY-FIRST CENTURY FOX CL.A | 31.69                         | 0.30           | 12.47%                             | 13.5%        | 36,132                |
| 108 | UNION PACIFIC                 | 94.28                         | 2.20           | 9.11%                              | 11.7%        | 77,502                |
| 109 | UNITED PARCEL SER.'B'         | 98.85                         | 2.92           | 10.21%                             | 13.5%        | 70,578                |
| 110 | UNITED TECHNOLOGIES           | 104.53                        | 2.56           | 7.97%                              | 10.6%        | 85,337                |
| 111 | UNIVERSAL HEALTH SVS.'B'      | 139.54                        | 0.40           | 12.10%                             | 12.4%        | 12,956                |
| 112 | V F                           | 71.94                         | 1.28           | 11.65%                             | 13.6%        | 31,570                |
| 113 | VERIZON COMMUNICATIONS        | 46.06                         | 2.26           | 6.40%                              | 11.7%        | 190,600               |
| 114 | VIACOM 'B'                    | 57.97                         | 1.60           | 11.07%                             | 14.2%        | 14,044                |
| 115 | WELLS FARGO & CO              | 55.63                         | 1.50           | 9.74%                              | 12.7%        | 288,084               |
| 116 | WESTERN UNION                 | 19.80                         | 0.62           | 9.03%                              | 12.5%        | 9,968                 |
| 117 | WESTROCK                      | 60.98                         | 1.50           | 9.78%                              | 12.5%        | 15,889                |
| 118 | WHOLE FOODS MARKET            | 37.46                         | 0.52           | 11.55%                             | 13.1%        | 11,756                |
| 119 | WW GRAINGER                   | 227.90                        | 4.68           | 10.93%                             | 13.2%        | 14,781                |
| 120 | XILINX                        | 43.30                         | 1.24           | 8.82%                              | 12.0%        | 10,672                |
| 121 | XYLEM                         | 34.95                         | 0.56           | 8.63%                              | 10.4%        | 5,928                 |
| 122 | YUM! BRANDS                   | 86.87                         | 1.64           | 11.06%                             | 13.2%        | 35,281                |
| 123 | ZIMMER BIOMET HDG.            | 105.59                        | 0.88           | 11.20%                             | 12.1%        | 21,329                |
| 124 | ZIONS BANCORP.                | 30.24                         | 0.24           | 10.31%                             | 11.2%        | 5,882                 |
| 125 | ZOETIS                        | 47.85                         | 0.33           | 12.68%                             | 13.5%        | 23,188                |
| 126 | Market-weighted Average       |                               |                |                                    | 11.8%        |                       |

Notes: In applying the DCF model to the S&P 500, I included in the DCF analysis only those companies in the S&P 500 group which pay a dividend, have a positive growth rate, and have at least three analysts' long-term growth estimates. To be conservative, I also eliminated those 25% of companies with the highest and lowest DCF results.

- D<sub>0</sub> = Current dividend per Thomson Reuters.
- P<sub>0</sub> = Average of the monthly high and low stock prices during the three months ending August 2015 per Thomson Reuters.
- g = I/B/E/S forecast of future earnings growth August 2015.
- k = Cost of equity using the quarterly version of the DCF model shown below:

$$k = \left[ \frac{d_0(1+g)^{\frac{1}{4}}}{P_0} \right]^4 - 1$$

**ATMOS ENERGY**  
**EXHIBIT (JVW-1)**  
**SCHEDULE 9**  
**COMPARISON OF RISK PREMIA ON**  
**S&P500 AND S&P UTILITIES 1937 – 2015**

| YEAR | S&P UTILITIES STOCK RETURN | SP500 STOCK RETURN | 10-YR. TREASURY BOND YIELD | UTILITIES RISK PREMIUM | MARKET RISK PREMIUM |
|------|----------------------------|--------------------|----------------------------|------------------------|---------------------|
| 2014 | 0.2891                     | 0.1339             | 0.0249                     | 0.2642                 | 0.1090              |
| 2013 | 0.1301                     | 0.2524             | 0.0235                     | 0.1066                 | 0.2289              |
| 2012 | 0.0209                     | 0.1602             | 0.0180                     | 0.0029                 | 0.1422              |
| 2011 | 0.1999                     | 0.0325             | 0.0278                     | 0.1721                 | 0.0047              |
| 2010 | 0.0704                     | 0.1618             | 0.0322                     | 0.0382                 | 0.1296              |
| 2009 | 0.1071                     | 0.3291             | 0.0326                     | 0.0745                 | 0.2965              |
| 2008 | -0.2590                    | -0.3516            | 0.0367                     | -0.2957                | -0.3883             |
| 2007 | 0.1656                     | -0.0138            | 0.0463                     | 0.1193                 | -0.0601             |
| 2006 | 0.2076                     | 0.1320             | 0.0479                     | 0.1597                 | 0.0841              |
| 2005 | 0.1605                     | 0.1001             | 0.0429                     | 0.1176                 | 0.0572              |
| 2004 | 0.2284                     | 0.0594             | 0.0427                     | 0.1857                 | 0.0167              |
| 2003 | 0.2348                     | 0.2822             | 0.0401                     | 0.1947                 | 0.2421              |
| 2002 | -0.1473                    | -0.2005            | 0.0461                     | -0.1934                | -0.2466             |
| 2001 | -0.1790                    | -0.1347            | 0.0502                     | -0.2292                | -0.1849             |
| 2000 | 0.3278                     | -0.0513            | 0.0603                     | 0.2675                 | -0.1116             |
| 1999 | -0.0172                    | 0.1546             | 0.0564                     | -0.0736                | 0.0982              |
| 1998 | 0.1547                     | 0.3125             | 0.0526                     | 0.1021                 | 0.2599              |
| 1997 | 0.1858                     | 0.2768             | 0.0635                     | 0.1223                 | 0.2133              |
| 1996 | 0.0383                     | 0.2702             | 0.0644                     | -0.0261                | 0.2058              |
| 1995 | 0.3749                     | 0.3493             | 0.0658                     | 0.3091                 | 0.2835              |
| 1994 | -0.0383                    | 0.0105             | 0.0708                     | -0.1091                | -0.0603             |
| 1993 | 0.1095                     | 0.1156             | 0.0587                     | 0.0508                 | 0.0569              |
| 1992 | 0.1246                     | 0.0750             | 0.0701                     | 0.0545                 | 0.0049              |
| 1991 | 0.1425                     | 0.3165             | 0.0786                     | 0.0639                 | 0.2379              |
| 1990 | 0.0033                     | -0.0085            | 0.0855                     | -0.0822                | -0.0940             |
| 1989 | 0.3468                     | 0.2276             | 0.0850                     | 0.2618                 | 0.1426              |
| 1988 | 0.1480                     | 0.1761             | 0.0884                     | 0.0596                 | 0.0877              |
| 1987 | -0.0574                    | -0.0213            | 0.0838                     | -0.1412                | -0.1051             |
| 1986 | 0.3787                     | 0.3095             | 0.0768                     | 0.3019                 | 0.2327              |
| 1985 | 0.3000                     | 0.2583             | 0.1062                     | 0.1938                 | 0.1521              |
| 1984 | 0.1995                     | 0.0741             | 0.1244                     | 0.0751                 | -0.0503             |
| 1983 | 0.2016                     | 0.2012             | 0.1110                     | 0.0906                 | 0.0902              |
| 1982 | 0.3020                     | 0.2896             | 0.1300                     | 0.1720                 | 0.1596              |
| 1981 | 0.0940                     | -0.0700            | 0.1391                     | -0.0451                | -0.2091             |
| 1980 | 0.1301                     | 0.2534             | 0.1146                     | 0.0155                 | 0.1388              |
| 1979 | 0.0879                     | 0.1652             | 0.0944                     | -0.0065                | 0.0708              |
| 1978 | 0.0396                     | 0.1580             | 0.0841                     | -0.0445                | 0.0739              |
| 1977 | 0.0416                     | -0.0906            | 0.0742                     | -0.0326                | -0.1648             |
| 1976 | 0.2270                     | 0.1096             | 0.0761                     | 0.1509                 | 0.0335              |

| YEAR                   | S&P UTILITIES STOCK RETURN | SP500 STOCK RETURN | 10-YR. TREASURY BOND YIELD | UTILITIES RISK PREMIUM | MARKET RISK PREMIUM |
|------------------------|----------------------------|--------------------|----------------------------|------------------------|---------------------|
| 1975                   | 0.3224                     | 0.3856             | 0.0799                     | 0.2425                 | 0.3057              |
| 1974                   | -0.1429                    | -0.2086            | 0.0756                     | -0.2185                | -0.2842             |
| 1973                   | -0.1345                    | -0.1614            | 0.0684                     | -0.2029                | -0.2298             |
| 1972                   | 0.0512                     | 0.1758             | 0.0621                     | -0.0109                | 0.1137              |
| 1971                   | -0.0007                    | 0.1381             | 0.0616                     | -0.0623                | 0.0765              |
| 1970                   | 0.1945                     | 0.0708             | 0.0735                     | 0.1210                 | -0.0027             |
| 1969                   | -0.1438                    | -0.0840            | 0.0667                     | -0.2105                | -0.1507             |
| 1968                   | 0.0528                     | 0.1045             | 0.0565                     | -0.0037                | 0.0480              |
| 1967                   | 0.0022                     | 0.1605             | 0.0507                     | -0.0485                | 0.1098              |
| 1966                   | -0.0172                    | -0.0648            | 0.0492                     | -0.0664                | -0.1140             |
| 1965                   | 0.0134                     | 0.1135             | 0.0428                     | -0.0294                | 0.0707              |
| 1964                   | 0.1611                     | 0.1570             | 0.0419                     | 0.1192                 | 0.1151              |
| 1963                   | 0.0947                     | 0.2082             | 0.0400                     | 0.0547                 | 0.1682              |
| 1962                   | 0.0425                     | -0.0284            | 0.0395                     | 0.0030                 | -0.0679             |
| 1961                   | 0.2247                     | 0.1894             | 0.0388                     | 0.1859                 | 0.1506              |
| 1960                   | 0.2252                     | 0.0618             | 0.0412                     | 0.1840                 | 0.0206              |
| 1959                   | 0.0500                     | 0.0757             | 0.0433                     | 0.0067                 | 0.0324              |
| 1958                   | 0.3688                     | 0.3974             | 0.0332                     | 0.3356                 | 0.3642              |
| 1957                   | 0.0790                     | -0.0518            | 0.0365                     | 0.0425                 | -0.0883             |
| 1956                   | 0.0716                     | 0.0714             | 0.0318                     | 0.0398                 | 0.0396              |
| 1955                   | 0.1016                     | 0.2840             | 0.0282                     | 0.0734                 | 0.2558              |
| 1954                   | 0.2237                     | 0.4552             | 0.0240                     | 0.1997                 | 0.4312              |
| 1953                   | 0.0962                     | 0.0270             | 0.0281                     | 0.0681                 | -0.0011             |
| 1952                   | 0.1536                     | 0.1405             | 0.0248                     | 0.1288                 | 0.1157              |
| 1951                   | 0.1710                     | 0.2039             | 0.0241                     | 0.1469                 | 0.1798              |
| 1950                   | 0.0460                     | 0.3230             | 0.0205                     | 0.0255                 | 0.3025              |
| 1949                   | 0.2783                     | 0.1610             | 0.0193                     | 0.2590                 | 0.1417              |
| 1948                   | 0.0541                     | 0.0928             | 0.0215                     | 0.0326                 | 0.0713              |
| 1947                   | -0.1041                    | 0.0199             | 0.0185                     | -0.1226                | 0.0014              |
| 1946                   | -0.0700                    | -0.1203            | 0.0174                     | -0.0874                | -0.1377             |
| 1945                   | 0.5789                     | 0.3818             | 0.0173                     | 0.5616                 | 0.3645              |
| 1944                   | 0.2065                     | 0.1879             | 0.0209                     | 0.1856                 | 0.1670              |
| 1943                   | 0.3745                     | 0.2298             | 0.0207                     | 0.3538                 | 0.2091              |
| 1942                   | 0.1736                     | 0.2087             | 0.0211                     | 0.1525                 | 0.1876              |
| 1941                   | -0.2838                    | -0.0898            | 0.0199                     | -0.3037                | -0.1097             |
| 1940                   | -0.1652                    | -0.0965            | 0.0220                     | -0.1872                | -0.1185             |
| 1939                   | 0.1126                     | 0.0189             | 0.0235                     | 0.0891                 | -0.0046             |
| 1938                   | 0.1954                     | 0.1836             | 0.0255                     | 0.1699                 | 0.1581              |
| 1937                   | -0.3693                    | -0.3136            | 0.0269                     | -0.3962                | -0.3405             |
| Risk Premium 1937—2015 |                            |                    |                            | 0.0549                 | 0.0606              |
| RP Utilities/RP SP500  |                            |                    |                            | 0.90                   |                     |



**APPENDIX 1**  
**QUALIFICATIONS OF JAMES H. VANDER WEIDE, PH.D.**

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James H. Vander Weide is founder and President of Financial Strategy Associates, a consulting firm that provides strategic, financial, and economic consulting services to corporate clients, including cost of capital and valuation studies.

**Educational Background and Academic Experience**

Dr. Vander Weide holds a Ph.D. in Finance from Northwestern University and a Bachelor of Arts in Economics from Cornell University. He joined the faculty at Duke University and was named Assistant Professor, Associate Professor, Professor, and then Research Professor of Finance and Economics.

After joining the faculty at Duke, Dr. Vander Weide taught courses in corporate finance, investment management, and management of financial institutions. He also taught courses in statistics, economics, and operations research, and a Ph.D. seminar on the theory of public utility pricing. In addition, Dr. Vander Weide has been active in executive education at Duke and Duke Corporate Education, leading executive development seminars on topics including financial analysis, cost of capital, creating shareholder value, mergers and acquisitions, real options, capital budgeting, cash management, measuring corporate performance, valuation, short-run financial planning, depreciation policies, financial strategy, and competitive strategy. Dr. Vander Weide has designed and served as Program Director for several executive education programs, including the Advanced Management Program, Competitive Strategies in Telecommunications, and the Duke Program for Manager Development for managers from the former Soviet Union.

**Publications**

Dr. Vander Weide has written a book entitled *Managing Corporate Liquidity: An Introduction to Working Capital Management* published by John Wiley and Sons, Inc. He has also written a chapter titled, "Financial Management in the Short Run" for *The Handbook of Modern Finance*; a chapter titled "Principles for Lifetime Portfolio Selection: Lessons from Portfolio Theory" for *The Handbook of Portfolio Construction: Contemporary Applications of Markowitz Techniques*; and written research papers on such topics as portfolio management, capital budgeting, investments, the effect of regulation on the performance of public utilities, and cash management. His articles have been published in *American Economic Review*, *Financial Management*, *International Journal of Industrial Organization*, *Journal of*

Finance, Journal of Financial and Quantitative Analysis, Journal of Bank Research, Journal of Portfolio Management, Journal of Accounting Research, Journal of Cash Management, Management Science, Atlantic Economic Journal, Journal of Economics and Business, and Computers and Operations Research.

#### Professional Consulting Experience

Dr. Vander Weide has provided financial and economic consulting services to firms in the telecommunications, electric, gas, insurance, and water industries for more than twenty-five years. He has testified on the cost of capital, competition, risk, incentive regulation, forward-looking economic cost, economic pricing guidelines, depreciation, accounting, valuation, and other financial and economic issues in more than four hundred regulatory and legal proceedings before the public service commissions of forty-three states and four Canadian provinces, the Federal Energy Regulatory Commission, the National Energy Board (Canada), the Federal Communications Commission, the Canadian Radio-Television and Telecommunications Commission, the U.S. Congress, the National Telecommunications and Information Administration, the insurance commissions of five states, the Iowa State Board of Tax Review, and the North Carolina Property Tax Commission. In addition, he has testified as an expert witness in telecommunications-related proceedings before the United States District Court for the District of New Hampshire, the Supreme Court for the State of New York, the United States District Court for the Northern District of California, the United States District Court for the Northern District of Illinois, the Montana Second Judicial District Court Silver Bow County, the United States Bankruptcy Court for the Southern District of West Virginia, and the United States District Court for the Eastern District of Michigan. He also testified as an expert before the United States Tax Court, United States District Court for the Eastern District of North Carolina; United States District Court for the District of Nebraska, and Superior Court of North Carolina. Dr. Vander Weide has testified in thirty states on issues relating to the pricing of unbundled network elements and universal service cost studies and has consulted with Bell Canada, Deutsche Telekom, and Telefónica on similar issues. He has also provided expert testimony on issues related to electric and natural gas restructuring. He has worked for Bell Canada/Nortel on a special task force to study the effects of vertical integration in the Canadian telephone industry and has worked for Bell Canada as an expert witness on the cost of capital. Dr. Vander Weide has provided consulting and expert witness testimony to the following companies:

| ELECTRIC, GAS, PIPELINE, WATER COMPANIES  |  |
|---|--|
| Alcoa Power Generating, Inc.              | Kinder Morgan Energy Partners            |
| Alliant Energy and subsidiaries           | Maritimes & Northeast Pipeline           |
| AltaLink, L.P.                            | MidAmerican Energy and subsidiaries      |
| Ameren                                    | National Fuel Gas                        |
| American Water Works                      | Nevada Power Company                     |
| Atmos Energy and subsidiaries             | NICOR                                    |
| BP p.l.c.                                 | North Carolina Natural Gas               |
| Buckeye Partners, L.P.                    | North Shore Gas                          |
| Central Illinois Public Service           | Northern Natural Gas Company             |
| Citizens Utilities                        | NOVA Gas Transmission Ltd.               |
| Consolidated Natural Gas and subsidiaries | PacifiCorp                               |
| Dominion Resources and subsidiaries       | Peoples Energy and its subsidiaries      |
| Duke Energy and subsidiaries              | PG&E                                     |
| Empire District Electric Company          | Plains All American Pipeline, L.P.       |
| EPCOR Distribution & Transmission Inc.    | Progress Energy                          |
| EPCOR Energy Alberta Inc.                 | PSE&G                                    |
| FortisAlberta Inc.                        | Public Service Company of North Carolina |
| FortisBC Utilities                        | Sempra Energy/San Diego Gas and Electric |
| Hope Natural Gas                          | South Carolina Electric and Gas          |
| Interstate Power Company                  | Southern Company and subsidiaries        |
| Iberdrola Renewables                      | Tennessee-American Water Company         |
| Iowa Southern                             | The Peoples Gas, Light and Coke Co.      |
| Iowa-American Water Company               | TransCanada                              |
| Iowa-Illinois Gas and Electric            | Trans Québec & Maritimes Pipeline Inc.   |
| Kentucky Power Company                    | Union Gas                                |
| Kentucky-American Water Company           | United Cities Gas Company                |
| Newfoundland Power Inc.                   | Virginia-American Water Company          |
|   | Wisconsin Energy Corporation             |
|   | Xcel Energy                              |

| TELECOMMUNICATIONS COMPANIES             |  |
|--|--|
| ALLTEL and subsidiaries                  | Phillips County Cooperative Tel. Co.     |
| Ameritech (now AT&T new)                 | Pine Drive Cooperative Telephone Co.     |
| AT&T (old)                               | Roseville Telephone Company (SureWest)   |
| Bell Canada/Nortel                       | SBC Communications (now AT&T new)        |
| BellSouth and subsidiaries               | Sherburne Telephone Company              |
| Centel and subsidiaries                  | Siemens                                  |
| Cincinnati Bell (Broadwing)              | Southern New England Telephone           |
| Cisco Systems                            | Sprint/United and subsidiaries           |
| Citizens Telephone Company               | Telefónica                               |
| Concord Telephone Company                | Tellabs, Inc.                            |
| Contel and subsidiaries                  | The Stentor Companies                    |
| Deutsche Telekom                         | U S West (Qwest)                         |
| GTE and subsidiaries (now Verizon)       | Union Telephone Company                  |
| Heins Telephone Company                  | United States Telephone Association      |
| JDS Uniphase                             | Valor Telecommunications (Windstream)    |
| Lucent Technologies                      | Verizon (Bell Atlantic) and subsidiaries |
| Minnesota Independent Equal Access Corp. | Woodbury Telephone Company               |
| NYNEX and subsidiaries (Verizon)         |  |
| Pacific Telesis and subsidiaries         |  |

| INSURANCE COMPANIES                           |
|---|
| Allstate                                      |
| North Carolina Rate Bureau                    |
| United Services Automobile Association (USAA) |
| The Travelers Indemnity Company               |
| Gulf Insurance Company                        |

#### Other Professional Experience

Dr. Vander Weide conducts in-house seminars and training sessions on topics such as creating shareholder value, financial analysis, competitive strategy, cost of capital, real options, financial strategy, managing growth, mergers and acquisitions, valuation, measuring corporate performance, capital budgeting, cash management, and financial planning. Among the firms for whom he has designed and taught tailored programs and training sessions are ABB Asea Brown Boveri, Accenture, Allstate, Ameritech, AT&T, Bell Atlantic/Verizon, BellSouth, Progress Energy/Carolina Power & Light, Contel, Fisons, GlaxoSmithKline, GTE, Lafarge, MidAmerican Energy, New Century Energies, Norfolk Southern, Pacific Bell Telephone, The Rank Group, Siemens, Southern New England Telephone, TRW, and Wolseley Plc. Dr. Vander Weide has also hosted a nationally prominent conference/workshop on

estimating the cost of capital. In 1989, at the request of Mr. Fuqua, Dr. Vander Weide designed the Duke Program for Manager Development for managers from the former Soviet Union, the first in the United States designed exclusively for managers from Russia and the former Soviet republics.

Early in his career, Dr. Vander Weide helped found University Analytics, Inc., which was one of the fastest growing small firms in the country. As an officer at University Analytics, he designed cash management models, databases, and software packages that are still used by most major U.S. banks in consulting with their corporate clients. Having sold his interest in University Analytics, Dr. Vander Weide now concentrates on strategic and financial consulting, academic research, and executive education.

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**APPENDIX 2**  
**THE QUARTERLY DCF MODEL**

The simple DCF Model assumes that a firm pays dividends only at the end of each year. Since firms in fact pay dividends quarterly and investors appreciate the time value of money, the annual version of the DCF Model generally underestimates the value investors are willing to place on the firm's expected future dividend stream. In this appendix, we review two alternative formulations of the DCF Model that allow for the quarterly payment of dividends.

When dividends are assumed to be paid annually, the DCF Model suggests that the current price of the firm's stock is given by the expression:

$$P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_n + P_n}{(1+k)^n} \quad (1)$$

where

- $P_0$  = current price per share of the firm's stock,
- $D_1, D_2, \dots, D_n$  = expected annual dividends per share on the firm's stock,
- $P_n$  = price per share of stock at the time investors expect to sell the stock, and
- $k$  = return investors expect to earn on alternative investments of the same risk, i.e., the investors' required rate of return.

Unfortunately, expression (1) is rather difficult to analyze, especially for the purpose of estimating  $k$ . Thus, most analysts make a number of simplifying assumptions. First, they assume that dividends are expected to grow at the constant rate  $g$  into the indefinite future. Second, they assume that the stock price at time  $n$  is simply the present value of all dividends expected in periods subsequent to  $n$ . Third, they assume that the investors' required rate of return,  $k$ , exceeds the expected dividend growth rate  $g$ . Under the above simplifying assumptions, a firm's stock price may be written as the following sum:

$$P_0 = \frac{D_0(1+g)}{(1+k)} + \frac{D_0(1+g)^2}{(1+k)^2} + \frac{D_0(1+g)^3}{(1+k)^3} + \dots, \quad (2)$$

where the three dots indicate that the sum continues indefinitely.



As we shall demonstrate shortly, this sum may be simplified to:

$$P_0 = \frac{D_0(1+g)}{(k-g)}$$

First, however, we need to review the very useful concept of a geometric progression.

### Geometric Progression

Consider the sequence of numbers 3, 6, 12, 24,..., where each number after the first is obtained by multiplying the preceding number by the factor 2. Obviously, this sequence of numbers may also be expressed as the sequence  $3, 3 \times 2, 3 \times 2^2, 3 \times 2^3$ , etc. This sequence is an example of a geometric progression.

Definition: A geometric progression is a sequence in which each term after the first is obtained by multiplying some fixed number, called the common ratio, by the preceding term.

A general notation for geometric progressions is:  $a$ , the first term,  $r$ , the common ratio, and  $n$ , the number of terms. Using this notation, any geometric progression may be represented by the sequence:

$$a, ar, ar^2, ar^3, \dots, ar^{n-1}.$$

In studying the DCF Model, we will find it useful to have an expression for the sum of  $n$  terms of a geometric progression. Call this sum  $S_n$ . Then

$$S_n = a + ar + \dots + ar^{n-1}. \quad (3)$$

However, this expression can be simplified by multiplying both sides of equation (3) by  $r$  and then subtracting the new equation from the old. Thus,

$$rS_n = ar + ar^2 + ar^3 + \dots + ar^n$$

and

$$S_n - rS_n = a - ar^n,$$

or

$$(1 - r) S_n = a (1 - r^n) .$$

Solving for  $S_n$ , we obtain:

$$S_n = \frac{a(1 - r^n)}{(1 - r)} \quad (4)$$

as a simple expression for the sum of  $n$  terms of a geometric progression. Furthermore, if  $|r| < 1$ , then  $S_n$  is finite, and as  $n$  approaches infinity,  $S_n$  approaches  $a \div (1-r)$ . Thus, for a geometric progression with an infinite number of terms and  $|r| < 1$ , equation (4) becomes:

$$S = \frac{a}{1 - r} \quad (5)$$

#### Application to DCF Model

Comparing equation (2) with equation (3), we see that the firm's stock price (under the DCF assumption) is the sum of an infinite geometric progression with the first term

$$a = \frac{D_0(1 + g)}{(1 + k)}$$

and common factor

$$r = \frac{(1 + g)}{(1 + k)}$$

Applying equation (5) for the sum of such a geometric progression, we obtain

$$S = a \cdot \frac{1}{(1 - r)} = \frac{D_0(1 + g)}{(1 + k)} \cdot \frac{1}{1 - \frac{1 + g}{1 + k}} = \frac{D_0(1 + g)}{(1 + k)} \cdot \frac{1 + k}{k - g} = \frac{D_0(1 + g)}{k - g}$$

as we suggested earlier.

### Quarterly DCF Model

The Annual DCF Model assumes that dividends grow at an annual rate of  $g\%$  per year (see Figure 1).

Figure 1

#### Annual DCF Model

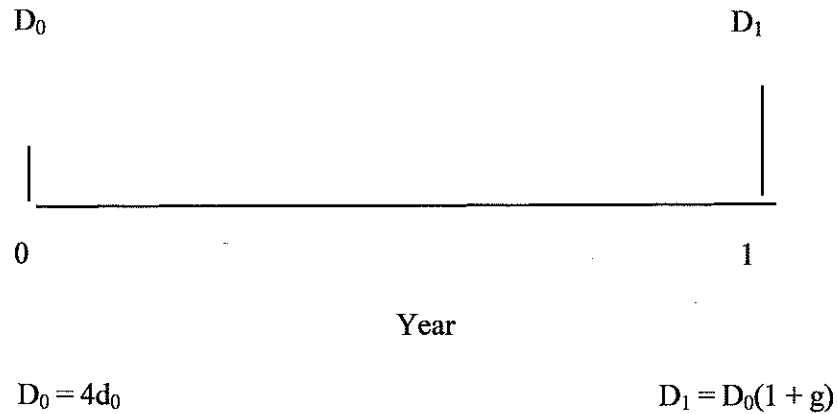
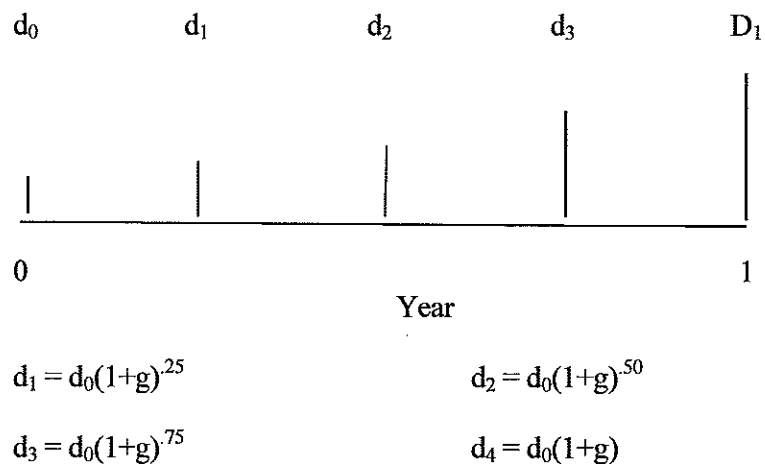


Figure 2

#### Quarterly DCF Model (Constant Growth Version)



In the Quarterly DCF Model, it is natural to assume that quarterly dividend payments differ from the preceding quarterly dividend by the factor  $(1 + g)^{.25}$ , where  $g$  is expressed in terms of percent per year and the decimal .25 indicates that the growth has only occurred for one quarter of

the year. (See Figure 2.) Using this assumption, along with the assumption of constant growth and  $k > g$ , we obtain a new expression for the firm's stock price, which takes account of the quarterly payment of dividends. This expression is:

$$P_0 = \frac{d_0(1+g)^{\frac{1}{4}}}{(1+k)^{\frac{1}{4}}} + \frac{d_0(1+g)^{\frac{2}{4}}}{(1+k)^{\frac{2}{4}}} + \frac{d_0(1+g)^{\frac{3}{4}}}{(1+k)^{\frac{3}{4}}} + \dots \quad (6)$$

where  $d_0$  is the last quarterly dividend payment, rather than the last annual dividend payment. (We use a lower case  $d$  to remind the reader that this is not the annual dividend.)

Although equation (6) looks formidable at first glance, it too can be greatly simplified using the formula [equation (4)] for the sum of an infinite geometric progression. As the reader can easily verify, equation (6) can be simplified to:

$$P_0 = \frac{d_0(1+g)^{\frac{1}{4}}}{(1+k)^{\frac{1}{4}} - (1+g)^{\frac{1}{4}}} \quad (7)$$

Solving equation (7) for  $k$ , we obtain a DCF formula for estimating the cost of equity under the quarterly dividend assumption:

$$k = \left[ \frac{d_0(1+g)^{\frac{1}{4}}}{P_0} + (1+g)^{\frac{1}{4}} \right]^4 - 1 \quad (8)$$

### An Alternative Quarterly DCF Model

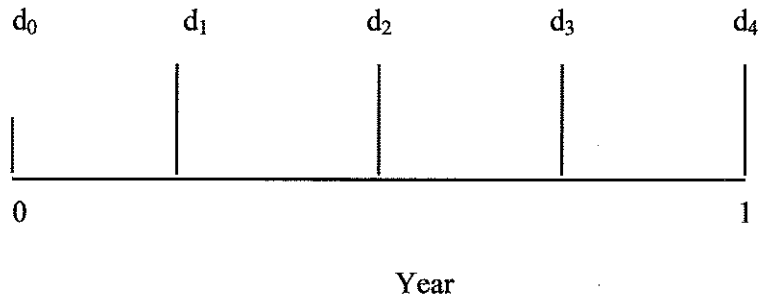
Although the constant growth Quarterly DCF Model [equation (8)] allows for the quarterly timing of dividend payments, it does require the assumption that the firm increases its dividend payments each quarter. Since this assumption is difficult for some analysts to accept, we now discuss a second Quarterly DCF Model that allows for constant quarterly dividend payments within each dividend year.

Assume then that the firm pays dividends quarterly and that each dividend payment is constant for four consecutive quarters. There are four cases to consider, with each case distinguished by varying assumptions about where we are evaluating the firm in relation to the time of its next dividend increase. (See Figure 3.)

**Figure 3**

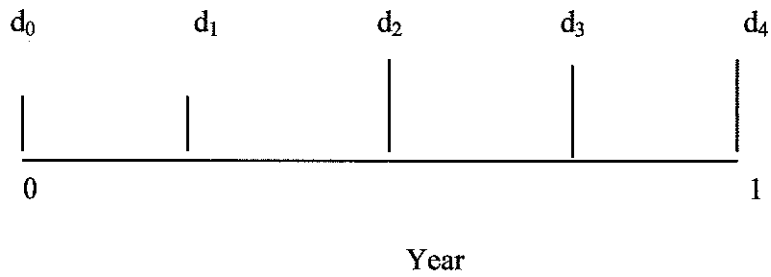
**Quarterly DCF Model (Constant Dividend Version)**

**Case 1**



$$d_1 = d_2 = d_3 = d_4 = d_0(1+g)$$

**Case 2**

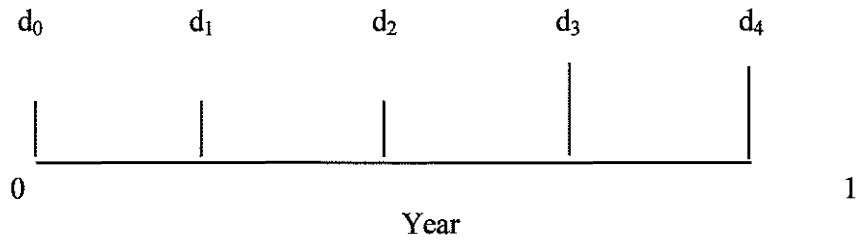


$$d_1 = d_0$$

$$d_2 = d_3 = d_4 = d_0(1+g)$$

**Figure 3 (continued)**

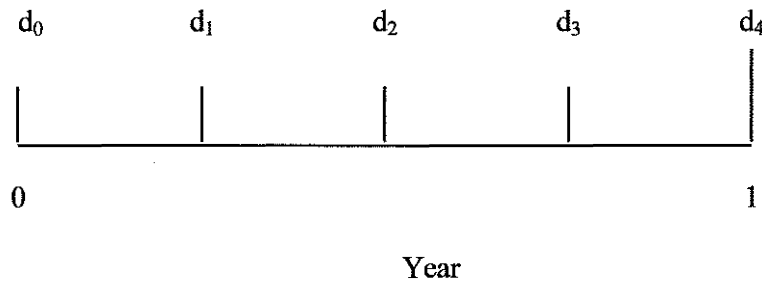
**Case 3**



$$d_1 = d_2 = d_0$$

$$d_3 = d_4 = d_0(1+g)$$

**Case 4**



$$d_1 = d_2 = d_3 = d_0$$

$$d_4 = d_0(1+g)$$

If we assume that the investor invests the quarterly dividend in an alternative investment of the same risk, then the amount accumulated by the end of the year will in all cases be given by

$$D_1^* = d_1 (1+k)^{3/4} + d_2 (1+k)^{1/2} + d_3 (1+k)^{1/4} + d_4$$

where  $d_1$ ,  $d_2$ ,  $d_3$  and  $d_4$  are the four quarterly dividends. Under these new assumptions, the firm's stock price may be expressed by an Annual DCF Model of the form (2), with the exception that

$$D_1^* = d_1 (1+k)^{3/4} + d_2 (1+k)^{1/2} + d_3 (1+k)^{1/4} + d_4 \quad (9)$$

is used in place of  $D_0(1+g)$ . But, we already know that the Annual DCF Model may be reduced to

$$P_0 = \frac{D_0(1+g)}{k-g}$$

Thus, under the assumptions of the second Quarterly DCF Model, the firm's cost of equity is given by

$$k = \frac{D_1^*}{P_0} + g \quad (10)$$

with  $D_1^*$  given by (9).

Although equation (10) looks like the Annual DCF Model, there are at least two very important practical differences. First, since  $D_1^*$  is always greater than  $D_0(1+g)$ , the estimates of the cost of equity are always larger (and more accurate) in the Quarterly Model (10) than in the Annual Model. Second, since  $D_1^*$  depends on  $k$  through equation (9), the unknown "k" appears on both sides of (10), and an iterative procedure is required to solve for  $k$ .



**APPENDIX 3**  
**ADJUSTING FOR FLOTATION COSTS IN DETERMINING**  
**A PUBLIC UTILITY'S**  
**ALLOWED RATE OF RETURN ON EQUITY**

**Introduction**

Regulation of public utilities is guided by the principle that utility revenues should be sufficient to allow recovery of all prudently incurred expenses, including the cost of capital. As set forth in the 1944 *Hope Natural Gas Case* [*Federal Power Comm'n v. Hope Natural Gas Co.* 320 U. S. 591 (1944) at 603], the U. S. Supreme Court states:

From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock....By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks.

Since the flotation costs arising from the issuance of debt and equity securities are an integral component of capital costs, this standard requires that the company's revenues be sufficient to fully recover flotation costs.

Despite the widespread agreement that flotation costs should be recovered in the regulatory process, several issues still need to be resolved. These include:

1. How is the term "flotation costs" defined? Does it include only the out-of-pocket costs associated with issuing securities (e. g., legal fees, printing costs, selling and underwriting expenses), or does it also include the reduction in a security's price that frequently accompanies flotation (i. e., market pressure)?
2. What should be the time pattern of cost recovery? Should a company be allowed to recover flotation costs immediately, or should flotation costs be recovered over the life of the issue?
3. For the purposes of regulatory accounting, should flotation costs be included as an expense? As an addition to rate base? Or as an additional element of a firm's allowed rate of return?
4. Do existing regulatory methods for flotation cost recovery allow a firm *full* recovery of flotation costs?

In this paper, I review the literature pertaining to the above issues and discuss my own views regarding how this literature applies to the cost of equity for a regulated firm.

**Definition of Flotation Cost**

The value of a firm is related to the future stream of net cash flows (revenues minus expenses measured on a cash basis) that can be derived from its assets. In the process of acquiring assets, a firm incurs certain expenses which reduce its value. Some of these expenses or costs are directly associated with revenue production in one period (e. g., wages, cost of goods sold), others are more properly associated with revenue production in many periods (e. g., the acquisition cost of plant and equipment). In either case, the word "cost" refers to any item that reduces the value of a firm.

If this concept is applied to the act of issuing new securities to finance asset purchases, many items are properly included in issuance or flotation costs. These include: (1) compensation received by investment bankers for underwriting services, (2) legal fees, (3) accounting fees, (4) engineering fees, (5) trustee's fees,

(6) listing fees, (7) printing and engraving expenses, (8) SEC registration fees, (9) Federal Revenue Stamps, (10) state taxes, (11) warrants granted to underwriters as extra compensation, (12) postage expenses, (13) employees' time, (14) market pressure, and (15) the offer discount. The finance literature generally divides these flotation cost items into three categories, namely, underwriting expenses, issuer expenses, and price effects.

### **Magnitude of Flotation Costs**

The finance literature contains several studies of the magnitude of the flotation costs associated with new debt and equity issues. These studies differ primarily with regard to the time period studied, the sample of companies included, and the source of data. The flotation cost studies generally agree, however, that for large issues, underwriting expenses represent approximately one and one-half percent of the proceeds of debt issues and three to five percent of the proceeds of seasoned equity issues. They also agree that issuer expenses represent approximately 0.5 percent of both debt and equity issues, and that the announcement of an equity issue reduces the company's stock price by at least two to three percent<sup>3</sup> of the proceeds from the stock issue. Thus, total flotation costs represent approximately two percent<sup>3</sup> of the proceeds from debt issues, and five and one-half to eight and one-half percent of the proceeds of equity issues.

Lee *et. al.* [14] is an excellent example of the type of flotation cost studies found in the finance literature. The Lee study is a comprehensive recent study of the underwriting and issuer costs associated with debt and equity issues for both utilities and non-utilities. The results of the Lee *et. al.* study are reproduced in Tables 1 and 2. Table 1 demonstrates that the total underwriting and issuer expenses for the 1,092 debt issues in their study averaged 2.24 percent of the proceeds of the issues, while the total underwriting and issuer costs for the 1,593 seasoned equity issues in their study averaged 7.11 percent of the proceeds of the new issue. Table 1 also demonstrates that the total underwriting and issuer costs of seasoned equity offerings, as a percent of proceeds, decline with the size of the issue. For issues above \$60 million, total underwriting and issuer costs amount to from three to five percent of the amount of the proceeds.

Table 2 reports the total underwriting and issuer expenses for 135 utility debt issues and 136 seasoned utility equity issues. Total underwriting and issuer expenses for utility bond offerings averaged 1.47 percent of the amount of the proceeds and for seasoned utility equity offerings averaged 4.92 percent of the amount of the proceeds. Again, there are some economies of scale associated with larger equity offerings. Total underwriting and issuer expenses for equity offerings in excess of 40 million dollars generally range from three to four percent of the proceeds.

The results of the Lee study for large equity issues are consistent with results of earlier studies by Bhagat and Frost [4], Mikkelson and Partch [17], and Smith [24]. Bhagat and Frost found that total underwriting and issuer expenses average approximately four and one-half percent of the amount of proceeds from negotiated utility offerings during the period 1973 to 1980, and approximately three and one-half percent of the amount of the proceeds from competitive utility offerings over the same period. Mikkelson and Partch found that total underwriting and issuer expenses average five and one-half percent of the proceeds from seasoned equity offerings over the 1972 to 1982 period. Smith found that total underwriting and issuer expenses for larger equity issues generally amount to four to five percent of the proceeds of the new issue.

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<sup>3</sup>

The two percent flotation cost on debt only recognizes the cost of newly-issued debt. When interest rates decline, many companies exercise the call provisions on higher cost debt and reissue debt at lower rates. This process involves reacquisition costs that are not included in the academic studies. If reacquisition costs were included in the academic studies, debt flotation costs could increase significantly.

The finance literature also contains numerous studies of the decline in price associated with sales of large blocks of stock to the public. These articles relate to the price impact of: (1) initial public offerings; (2) the sale of large blocks of stock from one investor to another; and (3) the issuance of seasoned equity issues to the general public. All of these studies generally support the notion that the announcement of the sale of large blocks of stock produces a decline in a company's share price. The decline in share price for initial public offerings is significantly larger than the decline in share price for seasoned equity offerings; and the decline in share price for public utilities is less than the decline in share price for non-public utilities. A comprehensive study of the magnitude of the decline in share price associated specifically with the sale of new equity by public utilities is reported in Pettway [19], who found the market pressure effect for a sample of 368 public utility equity sales to be in the range of two to three percent. This decline in price is a real cost to the utility, because the proceeds to the utility depend on the stock price on the day of issue.

In addition to the price decline associated with the announcement of a new equity issue, the finance literature recognizes that there is also a price decline associated with the actual issuance of equity securities. In particular, underwriters typically sell seasoned new equity securities to investors at a price lower than the closing market price on the day preceding the issue. The Rules of Fair Practice of the National Association of Securities Dealers require that underwriters not sell shares at a price above the offer price. Since the offer price represents a binding constraint to the underwriter, the underwriter tends to set the offer price slightly below the market price on the day of issue to compensate for the risk that the price received by the underwriter may go down, but can not increase. Smith provides evidence that the offer discount tends to be between 0.5 and 0.8 percent of the proceeds of an equity issue. I am not aware of any similar studies for debt issues.

In summary, the finance literature provides strong support for the conclusion that total underwriting and issuer expenses for public utility debt offerings represent approximately two percent of the amount of the proceeds, while total underwriting and issuer expenses for public utility equity offerings represent at least four to five percent of the amount of the proceeds. In addition, the finance literature supports the conclusion that the cost associated with the decline in stock price at the announcement date represents approximately two to three percent as a result of a large public utility equity issue.

#### **TIME PATTERN OF FLOTATION COST RECOVERY**

Although flotation costs are incurred only at the time a firm issues new securities, there is no reason why an issuing firm ought to recognize the expense only in the current period. In fact, if assets purchased with the proceeds of a security issue produce revenues over many years, a sound argument can be made in favor of recognizing flotation expenses over a reasonably lengthy period of time. Such recognition is certainly consistent with the generally accepted accounting principle that the time pattern of expenses match the time pattern of revenues, and it is also consistent with the normal treatment of debt flotation expenses in both regulated and unregulated industries.

In the context of a regulated firm, it should be noted that there are many possible time patterns for the recovery of flotation expenses. However, if it is felt that flotation expenses are most appropriately recovered over a period of years, then it should be recognized that investors must also be compensated for the passage of time. That is to say, the value of an investor's capital will be reduced if the expenses are merely distributed over time, without any allowance for the time value of money.

#### **ACCOUNTING FOR FLOTATION COST IN A REGULATORY SETTING**

In a regulatory setting, a firm's revenue requirements are determined by the equation:

$$\text{Revenue Requirement} = \text{Total Expenses} + \text{Allowed Rate of Return} \times \text{Rate Base}$$

Thus, there are three ways in which an issuing firm can account for and recover its flotation expenses: (1) treat flotation expenses as a current expense and recover them immediately; (2) include flotation expenses in rate base and recover them over time; and (3) adjust the allowed rate of return upward and again recover flotation expenses over time. Before considering methods currently being used to recover flotation expenses in a regulatory setting, I shall briefly consider the advantages and disadvantages of these three basic recovery methods.

**Expenses.** Treating flotation costs as a current expense has several advantages. Because it allows for recovery at the time the expense occurs, it is not necessary to compute amortized balances over time and to debate which interest rate should be applied to these balances. A firm's stockholders are treated fairly, and so are the firm's customers, because they pay neither more nor less than the actual flotation expense. Since flotation costs are relatively small compared to the total revenue requirement, treatment as a current expense does not cause unusual rate hikes in the year of flotation, as would the introduction of a large generating plant in a state that does not allow Construction Work in Progress in rate base.

On the other hand, there are two major disadvantages of treating flotation costs as a current expense. First, since the asset purchased with the acquired funds will likely generate revenues for many years into the future, it seems unfair that current ratepayers should bear the full cost of issuing new securities, when future ratepayers share in the benefits. Second, this method requires an estimate of the underpricing effect on each security issue. Given the difficulties involved in measuring the extent of underpricing, it may be more accurate to estimate the average underpricing allowance for many securities than to estimate the exact figure for one security.

**Rate Base.** In an article in *Public Utilities Fortnightly*, Bierman and Hass [5] recommend that flotation costs be treated as an intangible asset that is included in a firm's rate base along with the assets acquired with the stock proceeds. This approach has many advantages. For ratepayers, it provides a better match between benefits and expenses: the future ratepayers who benefit from the financing costs contribute the revenues to recover these costs. For investors, if the allowed rate of return is equal to the investors' required rate of return, it is also theoretically fair since they are compensated for the opportunity cost of their investment (including both the time value of money and the investment risk).

Despite the compelling advantages of this method of cost recovery, there are several disadvantages that probably explain why it has not been used in practice. First, a firm will only recover the proper amount for flotation expenses if the rate base is multiplied by the appropriate cost of capital. To the extent that a commission under or over estimates the cost of capital, a firm will under or over recover its flotation expenses. Second, it is may be both legally and psychologically difficult for commissioners to include an intangible asset in a firm's rate base. According to established legal doctrine, assets are to be included in rate base only if they are "used and useful" in the public service. It is unclear whether intangible assets such as flotation expenses meet this criterion.

**Rate of Return.** The prevailing practice among state regulators is to treat flotation expenses as an additional element of a firm's cost of capital or allowed rate of return. This method is similar to the second method above (treatment in rate base) in that some part of the initial flotation cost is amortized over time. However, it has a disadvantage not shared by the rate base method. If flotation cost is included in rate base, it is fairly easy to keep track of the flotation cost on each new equity issue and see how it is recovered over time. Using the rate of return method, it is not possible to track the flotation cost for specific issues because the flotation cost for a specific issue is never recorded. Thus, it is not clear to participants whether a current allowance is meant to recover (1) flotation costs actually incurred in a test period, (2) expected future flotation costs, or (3) past flotation costs. This confusion never arises in the treatment of debt flotation costs. Because the

exact costs are recorded and explicitly amortized over time, participants recognize that current allowances for debt flotation costs are meant to recover some fraction of the flotation costs on all past debt issues.

### EXISTING REGULATORY METHODS

Although most state commissions prefer to let a regulated firm recover flotation expenses through an adjustment to the allowed rate of return, there is considerable controversy about the magnitude of the required adjustment. The following are some of the most frequently asked questions: (1) Should an adjustment to the allowed return be made every year, or should the adjustment be made only in those years in which new equity is raised? (2) Should an adjusted rate of return be applied to the entire rate base, or should it be applied only to that portion of the rate base financed with paid-in capital (as opposed to retained earnings)? (3) What is the appropriate formula for adjusting the rate of return?

This section reviews several methods of allowing for flotation cost recovery. Since the regulatory methods of allowing for recovery of debt flotation costs is well known and widely accepted, I will begin my discussion of flotation cost recovery procedures by describing the widely accepted procedure of allowing for debt flotation cost recovery.

#### Debt Flotation Costs

Regulators uniformly recognize that companies incur flotation costs when they issue debt securities. They typically allow recovery of debt flotation costs by making an adjustment to both the cost of debt and the rate base (see Brigham [6]). Assume that: (1) a regulated company issues \$100 million in bonds that mature in 10 years; (2) the interest rate on these bonds is seven percent; and (3) flotation costs represent four percent of the amount of the proceeds. Then the cost of debt for regulatory purposes will generally be calculated as follows:

$$\begin{aligned} \text{Cost of Debt} &= \frac{\text{Interest expense} + \text{Amortization of flotation costs}}{\text{Principal value} - \text{Unamortized flotation costs}} \\ &= \frac{\$7,000,000 + \$400,000}{\$100,000,000 - \$4,000,000} \\ &= 7.71\% \end{aligned}$$

Thus, current regulatory practice requires that the cost of debt be adjusted upward by approximately 71 basis points, in this example, to allow for the recovery of debt flotation costs. This example does not include losses on reacquisition of debt. The flotation cost allowance would increase if losses on reacquisition of debt were included.

The logic behind the traditional method of allowing for recovery of debt flotation costs is simple. Although the company has issued \$100 million in bonds, it can only invest \$96 million in rate base because flotation costs have reduced the amount of funds received by \$4 million. If the company is not allowed to earn a 71 basis point higher rate of return on the \$96 million invested in rate base, it will not generate sufficient cash flow to pay the seven percent interest on the \$100 million in bonds it has issued. Thus, proper regulatory treatment is to increase the required rate of return on debt by 71 basis points.

#### Equity Flotation Costs

The finance literature discusses several methods of recovering equity flotation costs. Since each method stems from a specific model, (i. e., set of assumptions) of a firm and its cash flows, I will highlight the assumptions that distinguish one method from another.

**Arzac and Marcus.** Arzac and Marcus [2] study the proper flotation cost adjustment formula for a firm that makes continuous use of retained earnings and external equity financing and maintains a constant capital structure (debt/equity ratio). They assume at the outset that underwriting expenses and underpricing apply only to new equity obtained from external sources. They also assume that a firm has previously recovered all underwriting expenses, issuer expenses, and underpricing associated with previous issues of new equity.

To discuss and compare various equity flotation cost adjustment formulas, Arzac and Marcus make use of the following notation:

- k = an investors' required return on equity
- r = a utility's allowed return on equity base
- S = value of equity in the absence of flotation costs
- S<sub>f</sub> = value of equity net of flotation costs
- K<sub>t</sub> = equity base at time t
- E<sub>t</sub> = total earnings in year t
- D<sub>t</sub> = total cash dividends at time t
- b = (E<sub>t</sub>-D<sub>t</sub>) ÷ E<sub>t</sub> = retention rate, expressed as a fraction of earnings
- h = new equity issues, expressed as a fraction of earnings
- m = equity investment rate, expressed as a fraction of earnings, m = b + h < 1
- f = flotation costs, expressed as a fraction of the value of an issue.

Because of flotation costs, Arzac and Marcus assume that a firm must issue a greater amount of external equity each year than it actually needs. In terms of the above notation, a firm issues  $hE_t \div (1-f)$  to obtain  $hE_t$  in external equity funding. Thus, each year a firm loses:

**Equation 3**

$$L = \frac{hE_t}{1-f} - hE_t = \frac{f}{1-f} \times hE_t$$

due to flotation expenses. The present value, V, of all future flotation expenses is:

**Equation 4**

$$V = \sum_{t=1}^{\infty} \frac{fhE_t}{(1-f)(1+k)^t} = \frac{fh}{1-f} \times \frac{rK_0}{k-mr}$$

To avoid diluting the value of the initial stockholder's equity, a regulatory authority needs to find the value of r, a firm's allowed return on equity base, that equates the value of equity net of flotation costs to the initial equity base (S<sub>f</sub> = K<sub>0</sub>). Since the value of equity net of flotation costs equals the value of equity in the absence

of flotation costs minus the present value of flotation costs, a regulatory authority needs to find that value of  $r$  that solves the following equation:

$$S_f = S - L.$$

This value is:

**Equation 5**

$$r = \frac{k}{1 - \frac{fh}{1-f}}$$

To illustrate the Arzac-Marcus approach to adjusting the allowed return on equity for the effect of flotation costs, suppose that the cost of equity in the absence of flotation costs is 12 percent. Furthermore, assume that a firm obtains external equity financing each year equal to 10 percent of its earnings and that flotation expenses equal 5 percent of the value of each issue. Then, according to Arzac and Marcus, the allowed return on equity should be:

$$r = \frac{.12}{1 - \frac{(.05)(.1)}{.95}} = .1206 = 12.06\%$$

**Summary.** With respect to the three questions raised at the beginning of this section, it is evident that Arzac and Marcus believe the flotation cost adjustment should be applied each year, since continuous external equity financing is a fundamental assumption of their model. They also believe that the adjusted rate of return should be applied to the entire equity-financed portion of the rate base because their model is based on the assumption that the flotation cost adjustment mechanism will be applied to the entire equity financed portion of the rate base. Finally, Arzac and Marcus recommend a flotation cost adjustment formula, Equation (3), that implicitly excludes recovery of financing costs associated with financing in previous periods and includes only an allowance for the fraction of equity financing obtained from external sources.

**Patterson.** The Arzac-Marcus flotation cost adjustment formula is significantly different from the conventional approach (found in many introductory textbooks) which recommends the adjustment equation:

**Equation 6**

$$r = \frac{D_t}{P_{t-1}(1-f)} + g$$

where  $P_{t-1}$  is the stock price in the previous period and  $g$  is the expected dividend growth rate. Patterson [18] compares the Arzac-Marcus adjustment formula to the conventional approach and reaches the conclusion that the Arzac-Marcus formula effectively expenses issuance costs as they are incurred, while the conventional approach effectively amortizes them over an assumed infinite life of the equity issue. Thus, the conventional formula is similar to the formula for the recovery of debt flotation costs: it is not meant to compensate investors for the flotation costs of future issues, but instead is meant to compensate investors for the flotation costs of previous issues. Patterson argues that the conventional approach is more appropriate for rate making purposes because the plant purchased with external equity funds will yield benefits over many future periods.

**Illustration.** To illustrate the Patterson approach to flotation cost recovery, assume that a newly organized utility sells an initial issue of stock for \$100 per share, and that the utility plans to finance all new investments with retained earnings. Assume also that: (1) the initial dividend per share is six dollars; (2) the expected long-run dividend growth rate is six percent; (3) the flotation cost is five percent of the amount of the proceeds; and (4) the payout ratio is 51.28 percent. Then, the investor's required rate of return on equity is [ $k = (D/P) + g = 6 \text{ percent} + 6 \text{ percent} = 12 \text{ percent}$ ]; and the flotation-cost-adjusted cost of equity is [ $6 \text{ percent} (1/.95) + 6 \text{ percent} = 12.316 \text{ percent}$ ].

The effects of the Patterson adjustment formula on the utility's rate base, dividends, earnings, and stock price are shown in Table 3. We see that the Patterson formula allows earnings and dividends to grow at the expected six percent rate. We also see that the present value of expected future dividends, \$100, is just sufficient to induce investors to part with their money. If the present value of expected future dividends were less than \$100, investors would not have been willing to invest \$100 in the firm. Furthermore, the present value of future dividends will only equal \$100 if the firm is allowed to earn the 12.316 percent flotation-cost-adjusted cost of equity on its entire rate base.

**Summary.** Patterson's opinions on the three issues raised in this section are in stark contrast to those of Arzac and Marcus. He believes that: (1) a flotation cost adjustment should be applied in every year, regardless of whether a firm issues any new equity in each year; (2) a flotation cost adjustment should be applied to the entire equity-financed portion of the rate base, including that portion financed by retained earnings; and (3) the rate of return adjustment formula should allow a firm to recover an appropriate fraction of all previous flotation expenses.

## CONCLUSION

Having reviewed the literature and analyzed flotation cost issues, I conclude that:

**Definition of Flotation Cost:** A regulated firm should be allowed to recover both the total underwriting and issuance expenses associated with issuing securities and the cost of market pressure.

**Time Pattern of Flotation Cost Recovery.** Shareholders are indifferent between the alternatives of immediate recovery of flotation costs and recovery over time, as long as they are fairly compensated for the opportunity cost of their money. This opportunity cost must include both the time value of money and a risk premium for equity investments of this nature.

**Regulatory Recovery of Flotation Costs.** The Patterson approach to recovering flotation costs is the only rate-of-return-adjustment approach that meets the *Hope* case criterion that a regulated company's revenues must be sufficient to allow the company an opportunity to recover all prudently incurred expenses, including the cost of capital. The Patterson approach is also the only rate-of-return-adjustment approach that provides an incentive for investors to invest in the regulated company.

**Implementation of a Flotation Cost Adjustment.** As noted earlier, prevailing regulatory practice seems to be to allow the recovery of flotation costs through an adjustment to the required rate of return. My review of the literature on this subject indicates that there are at least two recommended methods of making this adjustment: the Patterson approach and the Arzac-Marcus approach. The Patterson approach assumes that a firm's flotation expenses on new equity issues are treated in the same manner as flotation expenses on new bond issues, i. e., they are amortized over future time periods. If this assumption is true (and I believe it is), then the flotation cost adjustment should be applied to a firm's entire equity base, including retained earnings. In practical terms, the Patterson approach produces an increase in a firm's cost of equity of approximately thirty basis points. The Arzac-Marcus approach assumes that flotation costs on new equity



issues are recovered entirely in the year in which the securities are sold. Under the Arzac-Marcus assumption, a firm should not be allowed any adjustments for flotation costs associated with previous flotations. Instead, a firm should be allowed only an adjustment on future security sales as they occur. Under reasonable assumptions about the rate of new equity sales, this method produces an increase in the cost of equity of approximately six basis points. Since the Arzac-Marcus approach does not allow the company to recover the entire amount of its flotation cost, I recommend that this approach be rejected and the Patterson approach be accepted.

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**Table 1**  
**Direct Costs as a Percentage of Gross Proceeds**  
**for Equity (IPOs and SEOs) and Straight and Convertible Bonds**  
**Offered by Domestic Operating Companies 1990—1994<sup>4</sup>**

**Equities**

| Proceeds<br>(\$ in millions) | IPOs                |                  |                             |                          | SEOs                |                  |                             |                          |
|------------------------------|---------------------|------------------|-----------------------------|--------------------------|---------------------|------------------|-----------------------------|--------------------------|
|                              | No.<br>of<br>Issues | Gross<br>Spreads | Other<br>Direct<br>Expenses | Total<br>Direct<br>Costs | No.<br>of<br>Issues | Gross<br>Spreads | Other<br>Direct<br>Expenses | Total<br>Direct<br>Costs |
| 2-9.99                       | 337                 | 9.05%            | 7.91%                       | 16.96%                   | 167                 | 7.72%            | 5.56%                       | 13.28%                   |
| 10-19.99                     | 389                 | 7.24%            | 4.39%                       | 11.63%                   | 310                 | 6.23%            | 2.49%                       | 8.72%                    |
| 20-39.99                     | 533                 | 7.01%            | 2.69%                       | 9.70%                    | 425                 | 5.60%            | 1.33%                       | 6.93%                    |
| 40-59.99                     | 215                 | 6.96%            | 1.76%                       | 8.72%                    | 261                 | 5.05%            | 0.82%                       | 5.87%                    |
| 60-79.99                     | 79                  | 6.74%            | 1.46%                       | 8.20%                    | 143                 | 4.57%            | 0.61%                       | 5.18%                    |
| 80-99.99                     | 51                  | 6.47%            | 1.44%                       | 7.91%                    | 71                  | 4.25%            | 0.48%                       | 4.73%                    |
| 100-199.99                   | 106                 | 6.03%            | 1.03%                       | 7.06%                    | 152                 | 3.85%            | 0.37%                       | 4.22%                    |
| 200-499.99                   | 47                  | 5.67%            | 0.86%                       | 6.53%                    | 55                  | 3.26%            | 0.21%                       | 3.47%                    |
| 500 and up                   | 10                  | 5.21%            | 0.51%                       | 5.72%                    | 9                   | 3.03%            | 0.12%                       | 3.15%                    |
| <b>Total/Average</b>         | <b>1,767</b>        | <b>7.31%</b>     | <b>3.69%</b>                | <b>11.00%</b>            | <b>1,593</b>        | <b>5.44%</b>     | <b>1.67%</b>                | <b>7.11%</b>             |

**Bonds**

| Proceeds<br>(\$ in millions) | Convertible Bonds   |                  |                             |                          | Straight Bonds      |                  |                             |                          |
|------------------------------|---------------------|------------------|-----------------------------|--------------------------|---------------------|------------------|-----------------------------|--------------------------|
|                              | No.<br>of<br>Issues | Gross<br>Spreads | Other<br>Direct<br>Expenses | Total<br>Direct<br>Costs | No.<br>of<br>Issues | Gross<br>Spreads | Other<br>Direct<br>Expenses | Total<br>Direct<br>Costs |
| 2-9.99                       | 4                   | 6.07%            | 2.68%                       | 8.75%                    | 32                  | 2.07%            | 2.32%                       | 4.39%                    |
| 10-19.99                     | 14                  | 5.48%            | 3.18%                       | 8.66%                    | 78                  | 1.36%            | 1.40%                       | 2.76%                    |
| 20-39.99                     | 18                  | 4.16%            | 1.95%                       | 6.11%                    | 89                  | 1.54%            | 0.88%                       | 2.42%                    |
| 40-59.99                     | 28                  | 3.26%            | 1.04%                       | 4.30%                    | 90                  | 0.72%            | 0.60%                       | 1.32%                    |
| 60-79.99                     | 47                  | 2.64%            | 0.59%                       | 3.23%                    | 92                  | 1.76%            | 0.58%                       | 2.34%                    |
| 80-99.99                     | 13                  | 2.43%            | 0.61%                       | 3.04%                    | 112                 | 1.55%            | 0.61%                       | 2.16%                    |
| 100-199.99                   | 57                  | 2.34%            | 0.42%                       | 2.76%                    | 409                 | 1.77%            | 0.54%                       | 2.31%                    |
| 200-499.99                   | 27                  | 1.99%            | 0.19%                       | 2.18%                    | 170                 | 1.79%            | 0.40%                       | 2.19%                    |
| 500 and up                   | 3                   | 2.00%            | 0.09%                       | 2.09%                    | 20                  | 1.39%            | 0.25%                       | 1.64%                    |
| <b>Total/Average</b>         | <b>211</b>          | <b>2.92%</b>     | <b>0.87%</b>                | <b>3.79%</b>             | <b>1,092</b>        | <b>1.62%</b>     | <b>0.62%</b>                | <b>2.24%</b>             |

Notes:

Closed-end funds and unit offerings are excluded from the sample. Rights offerings for SEOs are also excluded. Bond offerings do not include securities backed by mortgages and issues by Federal agencies. Only firm commitment offerings and non-shelf-registered offerings are included. Gross Spreads as a percentage of total proceeds, including management fee, underwriting fee, and selling concession.

Other Direct Expenses as a percentage of total proceeds, including management fee, underwriting fee, and selling concession. Total Direct Costs as a percentage of total proceeds (total direct costs are the sum of gross spreads and other direct expenses).

<sup>4</sup> Inmoo Lee, Scott Lochhead, Jay Ritter, and Quanshui Zhao, "The Costs of Raising Capital," *Journal of Financial Research* Vol 19 No 1 (Spring 1996) pp. 59—74.

**Table 2**  
**Direct Costs of Raising Capital 1990—1994**  
**Utility versus Non-Utility Companies<sup>5</sup>**

| <b>Equities</b>              |                  |               |                    |                  |               |                          |
|------------------------------|------------------|---------------|--------------------|------------------|---------------|--------------------------|
| <b>Non-Utilities</b>         | <b>IPOs</b>      |               |                    | <b>SEOs</b>      |               |                          |
| Proceeds<br>(\$ in millions) | No.<br>of Issues | Gross Spreads | Total Direct Costs | No.<br>Of Issues | Gross Spreads | Total<br>Direct<br>Costs |
| 2-9.99                       | 332              | 9.04%         | 16.97%             | 154              | 7.91%         | 13.76%                   |
| 10-19.99                     | 388              | 7.24%         | 11.64%             | 278              | 6.42%         | 9.01%                    |
| 20-39.99                     | 528              | 7.01%         | 9.70%              | 399              | 5.70%         | 7.07%                    |
| 40-59.99                     | 214              | 6.96%         | 8.71%              | 240              | 5.17%         | 6.02%                    |
| 60-79.99                     | 78               | 6.74%         | 8.21%              | 131              | 4.68%         | 5.31%                    |
| 80-99.99                     | 47               | 6.46%         | 7.88%              | 60               | 4.35%         | 4.84%                    |
| 100-199.99                   | 101              | 6.01%         | 7.01%              | 137              | 3.97%         | 4.36%                    |
| 200-499.99                   | 44               | 5.65%         | 6.49%              | 50               | 3.27%         | 3.48%                    |
| 500 and up                   | 10               | 5.21%         | 5.72%              | 8                | 3.12%         | 3.25%                    |
| <b>Total/Average</b>         | <b>1,742</b>     | <b>7.31%</b>  | <b>11.01%</b>      | <b>1,457</b>     | <b>5.57%</b>  | <b>7.32%</b>             |
| <b>Utilities Only</b>        |                  |               |                    |                  |               |                          |
| 2-9.99                       | 5                | 9.40%         | 16.54%             | 13               | 5.41%         | 7.68%                    |
| 10-19.99                     | 1                | 7.00%         | 8.77%              | 32               | 4.59%         | 6.21%                    |
| 20-39.99                     | 5                | 7.00%         | 9.86%              | 26               | 4.17%         | 4.96%                    |
| 40-59.99                     | 1                | 6.98%         | 11.55%             | 21               | 3.69%         | 4.12%                    |
| 60-79.99                     | 1                | 6.50%         | 7.55%              | 12               | 3.39%         | 3.72%                    |
| 80-99.99                     | 4                | 6.57%         | 8.24%              | 11               | 3.68%         | 4.11%                    |
| 100-199.99                   | 5                | 6.45%         | 7.96%              | 15               | 2.83%         | 2.98%                    |
| 200-499.99                   | 3                | 5.88%         | 7.00%              | 5                | 3.19%         | 3.48%                    |
| 500 and up                   | 0                |               |                    | 1                | 2.25%         | 2.31%                    |
| <b>Total/Average</b>         | <b>25</b>        | <b>7.15%</b>  | <b>10.14%</b>      | <b>136</b>       | <b>4.01%</b>  | <b>4.92%</b>             |

<sup>5</sup> Lee et al, *op. cit.*

Table 2 (continued)  
Direct Costs of Raising Capital 1990—1994  
Utility versus Non-Utility Companies<sup>6</sup>

| Non- Utilities<br>Proceeds<br>(\$ in millions) | Bonds         |               |                    | Straight Bonds |               |                    |
|--|---------------|---------------|--------------------|----------------|---------------|--------------------|
|  | No. of Issues | Gross Spreads | Total Direct Costs | No. of Issues  | Gross Spreads | Total Direct Costs |
| 2-9.99   | 4             | 6.07%         | 8.75%              | 29             | 2.07%         | 4.53%              |
| 10-19.99                                       | 12            | 5.54%         | 8.65%              | 47             | 1.70%         | 3.28%              |
| 20-39.99                                       | 16            | 4.20%         | 6.23%              | 63             | 1.59%         | 2.52%              |
| 40-59.99                                       | 28            | 3.26%         | 4.30%              | 76             | 0.73%         | 1.37%              |
| 60-79.99                                       | 47            | 2.64%         | 3.23%              | 84             | 1.84%         | 2.44%              |
| 80-99.99                                       | 12            | 2.54%         | 3.19%              | 104            | 1.61%         | 2.25%              |
| 100-199.99                                     | 55            | 2.34%         | 2.77%              | 381            | 1.83%         | 2.38%              |
| 200-499.99                                     | 26            | 1.97%         | 2.16%              | 154            | 1.87%         | 2.27%              |
| 500 and up                                     | 3             | 2.00%         | 2.09%              | 19             | 1.28%         | 1.53%              |
| <b>Total/Average</b>                           | 203           | 2.90%         | 3.75%              | 957            | 1.70%         | 2.34%              |
| <b>Utilities Only</b>                          |               |               |                    |                |               |                    |
| 2-9.99   | 0             |               |                    | 3              | 2.00%         | 3.28%              |
| 10-19.99                                       | 2             | 5.13%         | 8.72%              | 31             | 0.86%         | 1.35%              |
| 20-39.99                                       | 2             | 3.88%         | 5.18%              | 26             | 1.40%         | 2.06%              |
| 40-59.99                                       | 0             |               |                    | 14             | 0.63%         | 1.10%              |
| 60-79.99                                       | 0             |               |                    | 8              | 0.87%         | 1.13%              |
| 80-99.99                                       | 1             | 1.13%         | 1.34%              | 8              | 0.71%         | 0.98%              |
| 100-199.99                                     | 2             | 2.50%         | 2.74%              | 28             | 1.06%         | 1.42%              |
| 200-499.99                                     | 1             | 2.50%         | 2.65%              | 16             | 1.00%         | 1.40%              |
| 500 and up                                     | 0             |               |                    | 1              | 3.50%         | na <sup>7</sup>    |
| <b>Total/Average</b>                           | 8             | 3.33%         | 4.66%              | 135            | 1.04%         | 1.47%              |

Notes:

Total proceeds raised in the United States, excluding proceeds from the exercise of over allotment options.

Gross spreads as a percentage of total proceeds (including management fee, underwriting fee, and selling concession).

Other direct expenses as a percentage of total proceeds (including registration fee and printing, legal, and auditing costs).

<sup>6</sup> Lee *et al*, *op. cit.*

<sup>7</sup> Not available because of missing data on other direct expenses.

**Table 3**  
**Illustration of Patterson Approach to Flotation Cost Recovery**

| Time Period              | Rate<br>Base | Earnings      | Earnings      | Dividends     | Amortization<br>Initial FC |
|--------------------------|--------------|---------------|---------------|---------------|----------------------------|
|                          |              | @<br>12.32%   | @<br>12.00%   |               |                            |
| 0                        | 95.00        |               |               |               |                            |
| 1                        | 100.70       | 11.70         | 11.40         | 6.00          | 0.3000                     |
| 2                        | 106.74       | 12.40         | 12.08         | 6.36          | 0.3180                     |
| 3                        | 113.15       | 13.15         | 12.81         | 6.74          | 0.3371                     |
| 4                        | 119.94       | 13.93         | 13.58         | 7.15          | 0.3573                     |
| 5                        | 127.13       | 14.77         | 14.39         | 7.57          | 0.3787                     |
| 6                        | 134.76       | 15.66         | 15.26         | 8.03          | 0.4015                     |
| 7                        | 142.84       | 16.60         | 16.17         | 8.51          | 0.4256                     |
| 8                        | 151.42       | 17.59         | 17.14         | 9.02          | 0.4511                     |
| 9                        | 160.50       | 18.65         | 18.17         | 9.56          | 0.4782                     |
| 10                       | 170.13       | 19.77         | 19.26         | 10.14         | 0.5068                     |
| 11                       | 180.34       | 20.95         | 20.42         | 10.75         | 0.5373                     |
| 12                       | 191.16       | 22.21         | 21.64         | 11.39         | 0.5695                     |
| 13                       | 202.63       | 23.54         | 22.94         | 12.07         | 0.6037                     |
| 14                       | 214.79       | 24.96         | 24.32         | 12.80         | 0.6399                     |
| 15                       | 227.67       | 26.45         | 25.77         | 13.57         | 0.6783                     |
| 16                       | 241.33       | 28.04         | 27.32         | 14.38         | 0.7190                     |
| 17                       | 255.81       | 29.72         | 28.96         | 15.24         | 0.7621                     |
| 18                       | 271.16       | 31.51         | 30.70         | 16.16         | 0.8078                     |
| 19                       | 287.43       | 33.40         | 32.54         | 17.13         | 0.8563                     |
| 20                       | 304.68       | 35.40         | 34.49         | 18.15         | 0.9077                     |
| 21                       | 322.96       | 37.52         | 36.56         | 19.24         | 0.9621                     |
| 22                       | 342.34       | 39.77         | 38.76         | 20.40         | 1.0199                     |
| 23                       | 362.88       | 42.16         | 41.08         | 21.62         | 1.0811                     |
| 24                       | 384.65       | 44.69         | 43.55         | 22.92         | 1.1459                     |
| 25                       | 407.73       | 47.37         | 46.16         | 24.29         | 1.2147                     |
| 26                       | 432.19       | 50.21         | 48.93         | 25.75         | 1.2876                     |
| 27                       | 458.12       | 53.23         | 51.86         | 27.30         | 1.3648                     |
| 28                       | 485.61       | 56.42         | 54.97         | 28.93         | 1.4467                     |
| 29                       | 514.75       | 59.81         | 58.27         | 30.67         | 1.5335                     |
| 30                       | 545.63       | 63.40         | 61.77         | 32.51         | 1.6255                     |
| <b>Present Value@12%</b> |              | <b>195.00</b> | <b>190.00</b> | <b>100.00</b> | <b>5.00</b>                |

**APPENDIX 4  
EX ANTE RISK PREMIUM APPROACH**

My ex ante risk premium method is based on studies of the DCF expected return on proxy companies compared to the interest rate on Moody's A-rated utility bonds. Specifically, for each month in my study period, I calculate the risk premium using the equation,

$$RP_{\text{PROXY}} = DCF_{\text{PROXY}} - I_A$$

where:

- $RP_{\text{PROXY}}$  = the required risk premium on an equity investment in the proxy group of companies,  
 $DCF_{\text{PROXY}}$  = average DCF estimated cost of equity on a portfolio of proxy companies; and  
 $I_A$  = the yield to maturity on an investment in A-rated utility bonds.

For my ex ante risk premium analysis, I begin with my comparable group of natural gas companies shown in Schedule 2. Previous studies have shown that the ex ante risk premium tends to vary inversely with the level of interest rates, that is, the risk premium tends to increase when interest rates decline, and decrease when interest rates go up. To test whether my studies also indicate that the ex ante risk premium varies inversely with the level of interest rates, I perform a regression analysis of the relationship between the ex ante risk premium and the yield to maturity on A-rated utility bonds, using the equation,

$$RP_{\text{PROXY}} = a + (b \times I_A) + e$$



where:

$RP_{\text{PROXY}}$  = risk premium on proxy company group;

$I_A$  = yield to maturity on A-rated utility bonds;

$e$  = a random residual; and

$a, b$  = coefficients estimated by the regression procedure.

Regression analysis assumes that the statistical residuals from the regression equation are random. My examination of the residuals reveals that there is a significant probability that the residuals are serially correlated (non-zero serial correlation indicates that the residual in one time period tends to be correlated with the residual in the previous time period). Therefore, I make adjustments to my data to correct for the possibility of serial correlation in the residuals.

The common procedure for dealing with serial correlation in the residuals is to estimate the regression coefficients in two steps. First, a multiple regression analysis is used to estimate the serial correlation coefficient,  $r$ . Second, the estimated serial correlation coefficient is used to transform the original variables into new variables whose serial correlation is approximately zero. The regression coefficients are then re-estimated using the transformed variables as inputs in the regression equation. Based on my knowledge of the statistical relationship between the yield to maturity on A-rated utility bonds and the required risk premium, my estimate of the ex ante risk premium on an investment in my proxy natural gas company group as compared to an investment in A-rated utility bonds is given by the equation:

$$RP_{\text{PROXY}} = 8.75 - 0.615 \times I_A.$$

(13.81) (-6.03) [8]

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[8] The t-statistics are shown in parentheses.

Using a 6.1 percent forecasted yield to maturity on A-rated utility bonds at August 2015,<sup>9</sup> the regression equation produces an ex ante risk premium based on the natural gas proxy group equal to 5.0 percent ( $8.75 - .615 \times 6.2 = 5.0$ ).

To estimate the cost of equity using the ex ante risk premium method, one may add the estimated risk premium over the yield on A-rated utility bonds to the forecasted yield to maturity on A-rated utility bonds. As described above, my analyses produce an estimated risk premium over the yield on A-rated utility bonds equal to 5.0 percent. Adding an estimated risk premium of 5.0 percent to the 6.2 percent forecasted yield to maturity on A-rated utility bonds produces a cost of equity estimate of 11.1 percent using the ex ante risk premium method (apparent discrepancy due to rounding).

---

<sup>9</sup>

Value Line Selection & Opinion (September 4, 2015) projects a Aaa-rated Corporate bond yield equal to 5.8 percent. The August 2015 average spread between A-rated utility bonds and Aaa-rated Corporate bonds is 21 basis points (A-rated utility, 4.25 percent, less Aaa-rated Corporate, 4.04 percent, equals 21 basis points). Adding 21 basis points to the 5.8 percent Value Line Aaa Corporate bond forecast equals a forecast yield of 6.01 percent for the A-rated utility bonds. The EIA forecasts an AA-rated utility bond yield equal to 6.21 percent. The average spread between AA-rated utility and A-rated utility bonds at August 2015 is 12 basis points (4.25 percent less 4.13 percent). Adding 12 basis points to EIA's 6.21 percent AA-utility bond yield forecast equals a forecast yield for A-rated utility bonds equal to 6.33 percent. The average of the forecasts (6.01 percent using Value Line data and 6.33 percent using EIA data) is 6.17 percent.

**APPENDIX 5  
RISK PREMIUM APPROACH**

**Source**

Stock price and yield information is obtained from Standard & Poor's Security Price publication. Standard & Poor's derives the stock dividend yield by dividing the aggregate cash dividends (based on the latest known annual rate) by the aggregate market value of the stocks in the group. The bond price information is obtained by calculating the present value of a bond due in 30 years with a \$4.00 coupon and a yield to maturity of a particular year's indicated Moody's A-rated utility bond yield. The values shown on Schedules 4 and 5 are the January values of the respective indices. Standard & Poor's discontinued its S&P Utilities Index in December 2001, replacing its utilities stock index with separate indices for electric and natural gas utilities. Thus, to continue my study, I based the stock returns beginning in 2002 on the total returns for the EEI Index of U.S. shareholder-owned electric utilities, as reported by EEI on its website.

<http://www.eei.org/whatwedo/DataAnalysis/IndusFinanAnalysis/Pages/QtrlyFinancialUpdates.aspx>

**Calculation of Stock and Bond Returns**

Sample calculation of "Stock Return" column:

$$\text{StockReturn}(2014) = \left[ \frac{\text{StockPrice}(2015) - \text{StockPrice}(2014) + \text{Dividend}(2014)}{\text{StockPrice}(2014)} \right]$$

where  $\text{Dividend}(2014) = \text{Stock Price}(2014) \times \text{Stock Div. Yield}(2014)$

Sample calculation of "Bond Return" column:

$$\text{Bond Return}(2014) = \left[ \frac{\text{Bond Price}(2015) - \text{Bond Price}(2014) + \text{Interest}(2014)}{\text{Bond Price}(2014)} \right]$$

where  $\text{Interest} = \$4.00$ .



BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

APPLICATION OF ATMOS ENERGY )  
CORPORATION FOR AN ADJUSTMENT )  
OF RATES AND TARIFF MODIFICATIONS )

Case No. 2015-00343

DIRECT TESTIMONY OF PAUL H. RAAB

1 Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.

2 A. My name is Paul H. Raab and my business address is 5313 Portsmouth Road,  
3 Bethesda, MD 20816. I am an independent economic consultant.

4 Q. ON WHOSE BEHALF ARE YOU APPEARING TODAY?

5 A. I am appearing on behalf of Atmos Energy Corporation, Kentucky/Mid-States  
6 Division ("Atmos Energy" or "Company").

7

8

I. QUALIFICATIONS

9 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

10 A. I have a B.A. in Economics from Rutgers University and an M.A. from the State  
11 University of New York at Binghamton with a concentration in Econometrics. While  
12 attending Rutgers, I studied as a Henry Rutgers Scholar.

13 Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE.

14 A. I have been providing consulting services to the utility industry for over thirty-five  
15 years, having assisted electric, gas, telephone, and water utilities; Commissions; and  
16 intervenor clients in a variety of areas. I am trained as a quantitative economist so that

1 most of this assistance has been in the form of mathematical and economic analysis  
2 and information systems development. My particular areas of focus are planning  
3 issues, costing and rate design analysis, and depreciation and life analysis. I began  
4 my career with the professional services firm that is now known as Ernst & Young,  
5 where I was employed for ten years.

6 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE COMMISSIONS IN**  
7 **REGULATORY PROCEEDINGS?**

8 A. Yes. I have previously provided expert testimony before this Commission in Docket  
9 Nos. 9613, 97-083, 2009-00354 and 2013-00148 as well as the state regulatory  
10 authorities of Alaska, Colorado, the District of Columbia, Georgia, Indiana, Iowa,  
11 Kansas, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, Nevada, New  
12 Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas,  
13 Virginia, West Virginia, and Wisconsin. In addition, I have presented expert  
14 testimony before the Federal Energy Regulatory Commission, the Pennsylvania  
15 House Consumer Affairs Committee, the Michigan House Economic Development  
16 and Energy Committee, the Province of Saskatchewan, and the United States Tax  
17 Court. Details on the subject matter of the testimony presented are provided in  
18 Exhibit PHR-1.

19  
20 **II. PURPOSE OF TESTIMONY**

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 A. The purpose of my testimony is to present the Company's class cost of service  
23 (CCOS) studies. These studies are used to guide the Company in assigning the

1 required revenue increase to the various customer classes and in designing rates.

2 **Q. WHY HAVE YOU PREPARED MULTIPLE CCOS STUDIES IN THIS CASE?**

3 A. The development of multiple CCOS studies in this case is in direct response to  
4 Commission directives in its order in the Company's last base rate proceeding, Case  
5 No. 2013-00148. The primary directive from that order is that, "the Commission  
6 strongly encourages Atmos-Ky. to file multiple-methodology COSSes in future rate  
7 cases in order to give the Commission a range of reasonable results for use in  
8 determining revenue allocation and rate design." Order at 34. In addition, the  
9 Commission also stated that, "With this Order, the Commission puts all parties to  
10 future rate proceedings on notice that we cannot give full consideration to a COSS  
11 that does not show separately each of the typical individual COSS steps of  
12 functionalization, classification, and allocation." Order at 35.

13 **Q. HOW DO THESE STUDIES RESPOND TO THE COMMISSION'S**  
14 **DIRECTIVES?**

15 A. The Company's CCOS study classifies investments and costs in almost 400 separate  
16 accounts and subaccounts and allocates the investments and costs in those accounts in  
17 nearly 1,000 different ways. However, it has been my experience that because of this  
18 level of granularity, alternative classifications and allocations of the amounts  
19 recorded in most of the accounts that comprise the Company's CCOS study do not  
20 have a significant impact on the class results. What does have a significant impact on  
21 the class results is the treatment of distribution mains and this is consistent with the  
22 record of the Company's last base rate proceeding: "Although certain minor  
23 differences exist between the two COSSes, Atmos-Ky. and the AG agree that the

1 primary difference lies in the treatment of distribution mains.” Order at 32. As a  
2 result, I have developed three CCOS studies for this case that differ based on the  
3 treatment of distribution mains.

4 **Q. PLEASE DESCRIBE THESE STUDIES.**

5 A. The first study, termed the “customer/demand” study, classifies investments in  
6 distribution mains as both customer- and demand-related using the same “zero-  
7 intercept” approach that the Company employed in its last case. Such a classification  
8 reflects the fact that the Company’s level of investment in distribution mains is driven  
9 by the maximum demand that customers place on the system, but that there is also a  
10 minimum level of investments in distribution mains that would be necessary  
11 regardless of the level of such demands. As indicated in the National Association of  
12 Regulatory Utility Commissioners (NARUC) publication entitled Gas Rate Design,  
13 “[t]he argument for inclusion of [customer] cost[s] relating to a service line and/or a  
14 ‘minimum size or zero inch’ distribution main is that these facilities are necessary to  
15 connect the customer to the system and thus afford him the opportunity to take  
16 service if he so desires.” Gas Rate Design at 29, 30. I find this rationale compelling,  
17 and generally favor a customer/demand classification of distribution mains in my  
18 work in other jurisdictions.

19 However, Gas Rate Design also notes that “[t]he contra argument is that  
20 mains and services are installed to serve demands of the customers and should be  
21 allocated [exclusively] to that function.” Accordingly, I have prepared a second  
22 CCOS study, termed the “demand-only” study, which classifies investments in  
23 distribution mains as only demand-related, consistent with this discussion from Gas



1           Rate Design.

2           Finally, I have prepared a third study, entitled the “demand/commodity”  
3 study, which reflects the Commission’s 1987 guidance that, “cost-of-service  
4 methodologies should give some consideration to volume of use.” Administrative  
5 Case No. 297, *An Investigation of the Impact of Federal Policy on Natural Gas to*  
6 *Kentucky Consumers and Suppliers* (“Admin. 297”) (Ky. PSC May 29, 1987), Order  
7 at 47. While I do not believe that such an approach reflects distribution mains  
8 investment cost incurrence, and therefore is a results-driven choice of classification  
9 methodologies, I have nevertheless provided such a study for the Commission’s  
10 consideration.

11 **Q.   HOW DID YOU RESPOND TO THE COMMISSION’S DIRECTIVE THAT**  
12 **THE STUDIES SHOW SEPARATELY EACH OF THE TYPICAL**  
13 **INDIVIDUAL COSS STEPS OF FUNCTIONALIZATION, CLASSIFICATION**  
14 **AND ALLOCATION?**

15 A.   This has always been a feature of the cost of service studies that I have presented in  
16 other jurisdictions, was a feature of the Company’s CCOS presentation in its prior  
17 base rate proceeding and is a feature of the three studies submitted in this case.

18  
19                           **III. IDENTIFICATION OF EXHIBITS**

20 **Q.   DO YOU SPONSOR ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?**

21 A.   Yes, I sponsor five exhibits. Exhibit PHR-1 is a summary of my qualifications and  
22 experience. Exhibits PHR-2, PHR-3 and PHR-4 are the results of the Company’s  
23 class cost of service studies based on a customer/demand allocation of distribution.

1 mains, a demand-only allocation of distribution mains and a demand/commodity  
2 allocation of distribution mains, respectively. Finally, Exhibit PHR-5 is a summary  
3 exhibit that highlights the two most important differences among the three studies: (1)  
4 the suggested allocation of the proposed revenue increase and (2) the level of fixed  
5 costs indicated for each study.

6 The above-designated exhibits were prepared by me or under my direction  
7 and supervision.

#### 8 9 **IV. ORGANIZATION OF TESTIMONY**

##### 10 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

11 A. My testimony is organized into one additional section. Section V describes the class  
12 cost of service studies.

#### 13 14 **V. CLASS COST OF SERVICE**

##### 15 **a. Background**

##### 16 **Q. WHAT IS A CLASS COST OF SERVICE ANALYSIS?**

17 A. A class cost of service analysis is the process by which the costs that a utility incurs  
18 to serve particular classes of customers are linked to the classes of customers that  
19 caused those costs to be incurred.

##### 20 **Q. WHY IS IT NECESSARY TO ALLOCATE COSTS TO THE DIFFERENT** 21 **CUSTOMER CLASSES?**

22 A. It is a generally accepted utility ratemaking principle that rates should be based on  
23 costs. This statement applies not only to the overall level of costs incurred by the

1 utility, but also to the costs that the utility incurs to serve individual services, classes  
2 of customers, and segments of the utility's business. Adherence to this principle is  
3 complicated by the fact that many of the costs incurred to provide different types of  
4 service are "joint" costs and many are "common" costs, neither of which has a  
5 theoretically precise method by which they can be assigned to the different products  
6 produced as a result of the incurrence of these costs.

7 Joint costs occur when the provision of one service is an automatic by-product  
8 of another (e.g., the delivery of natural gas at different times of the year). Common  
9 costs are incurred when several outputs are produced using the same facilities or  
10 inputs (e.g., administrative and general expenses).

11 Thus, cost of service studies are the primary method used to allocate the  
12 common and joint costs incurred by the utility in serving different customer classes.  
13 They are used for five purposes:

- 14 1. To attribute costs to different categories of customers based on how those  
15 customers cause costs to be incurred;
- 16 2. To determine how costs will be recovered from customers within each  
17 customer class;
- 18 3. To calculate the costs of individual types of service based on the costs each  
19 service requires the utility to expend;
- 20 4. To determine the revenue requirement for the monopoly services offered by a  
21 utility operating in both monopoly and competitive markets; and
- 22 5. To separate costs between different regulatory jurisdictions.

23 **Q. HOW ARE THE COSTS INCURRED BY THE UTILITY ALLOCATED TO**

1           **THE DIFFERENT CUSTOMER CLASSES?**

2    A.    These costs are allocated to the different customer classes in three steps:  
3           functionalization, classification, and allocation.

4    **Q.    PLEASE DESCRIBE THE FUNCTIONALIZATION PROCESS.**

5    A.    Functionalization is the process whereby the capital and operating costs incurred by  
6           the utility to provide service are categorized by function. The typical functions of a  
7           natural gas utility are transmission, distribution, customer service and facilities, and  
8           administrative and general. The transmission function includes those assets and  
9           expenses associated with the delivery of natural gas from the field to the distribution  
10          system. The assets and expenses involved in the delivery of natural gas to ultimate  
11          customers, except those that can be directly assigned to a particular customer, are  
12          included in the distribution function. Those distribution costs that can be directly  
13          assigned to a particular customer (e.g., service drops and meters) plus the meter  
14          reading and other customer service functions such as billing and collections are  
15          included in the customer service and facilities function. The administrative and  
16          general function includes management costs that cannot be directly assigned to the  
17          other major cost functions.

18   **Q.    WHY DOES ONE FUNCTIONALIZE COSTS?**

19   A.    Costs are functionalized so that they can be more easily classified, which is the next  
20          step in the cost of service analysis.

21   **Q.    HOW WAS THE FUNCTIONALIZATION PROCESS PERFORMED FOR**  
22          **ATMOS ENERGY?**

23   A.    The Company's accounting processes follow the FERC Uniform System of Accounts.

1 In large measure, this system of accounts records costs by the function for which they  
2 were incurred. Thus, the costs that I work with in the cost of service analysis are  
3 already grouped by function.

4 **Q. PLEASE DESCRIBE THE CLASSIFICATION PROCESS.**

5 A. The classification process recognizes that the utility's costs are incurred for a number  
6 of purposes: to meet customers' peak demands (demand-related costs), to provide  
7 energy (energy- or commodity-related costs), and because there are customers on the  
8 system (customer-related costs). The classification process groups the utility's costs  
9 by the purpose for which they were incurred. The cost of odorant is the best example  
10 of a cost that is incurred in direct proportion to the amount of natural gas that flows  
11 through the system and is therefore classified as an energy-related cost. On the other  
12 hand, metering costs are primarily driven by the number of customers on the system  
13 and would be classified as customer-related costs.

14 **Q. HOW WERE THE COMPANY'S COSTS CLASSIFIED IN THIS STUDY?**

15 A. All of the studies discussed above rely on the same classification scheme for all costs  
16 and investments other than investments in distribution mains. The classification of  
17 distribution mains investment costs differs among the three studies as follows. For  
18 the customer/demand study, distribution mains investment costs are classified as both  
19 customer-related and demand-related based on the results of a zero-intercept study,  
20 consistent with Company studies in prior cases. The demand-only study classifies  
21 distribution mains investment costs as only demand-related. The demand/commodity  
22 study classifies distribution mains investment costs as both demand-related and  
23 commodity-related, based on the average and excess demand approach, consistent

1 with the methodology endorsed by the Attorney General in the Company's last base  
2 rate proceeding. The first two approaches are consistent with the suggested  
3 classification of the NARUC. The third approach is consistent with prior  
4 Commission guidance related to cost-of-service methodologies. My testimony below  
5 explains the specific classification factors employed.

6 **Q. PLEASE DESCRIBE THE ALLOCATION PROCESS.**

7 A. The allocation process is one in which the functionalized and classified costs from  
8 above are assigned to specific customer classes. It is assumed that the load  
9 characteristics of the customers within each of the major customer classes are  
10 relatively homogeneous with respect to their usage characteristics. Thus, costs can be  
11 allocated to customer classes based on these characteristics. Those costs that have  
12 been classified as demand-related costs in the classification process above are  
13 allocated among the customer classes on the basis of demands imposed on the system  
14 during the peak day. Commodity- or energy-related costs are allocated on the basis  
15 of the energy that the system must supply to meet the needs of these customers.  
16 Customer-related costs are allocated to the different customer classes based on the  
17 number of customers.

18 **Q. HOW ARE THESE COSTS ALLOCATED TO THE COMPANY'S**  
19 **DIFFERENT CUSTOMER CLASSES?**

20 A. First, customers are divided into groups or classes. These classes are populated with  
21 customers having similar natural gas demand characteristics. The customers within  
22 each class can therefore be billed pursuant to a single rate schedule containing a  
23 customer charge and an energy charge since their load profiles are sufficiently

1 similar. Next, costs are examined to determine why the utility incurred them and how  
2 customers' usage characteristics impact the utility's cost incurrence decisions.  
3 Finally, a demand characteristic is associated with each cost incurred; each customer  
4 class' contribution to that cost provides the basis for the allocation of the associated  
5 cost.

6 **Q. WHAT ARE THESE "USAGE CHARACTERISTICS" THAT CUSTOMERS**  
7 **PLACE ON THE SYSTEM?**

8 A. The customer's request for service is a cost causative demand characteristic that  
9 necessarily results in an immediate investment in a regulator, a service line and  
10 metering facilities and establishes a commitment on the part of the company to  
11 provide, among other things, answers to questions and a monthly billing. Hence, the  
12 very existence of this customer-utility relationship causes the incurrence of cost. The  
13 amount of natural gas taken from the utility system, usually expressed volumetrically  
14 (Mcf) or in terms of the energy content of the natural gas itself (therms or Dth) and  
15 referred to as the customer's energy use or usage, is an important cost causative  
16 characteristic as well. Additionally, as my testimony will describe in more detail, the  
17 magnitude of costs incurred to serve a customer is also driven by the customer's  
18 potential rate of energy use, usually expressed in design day usage and referred to as  
19 the customer's demand.

20 **Q. HOW DO SUCH DEMANDS AFFECT COST INCURRENCE?**

21 A. Cost incurrence is strongly driven by two primary factors, the physical connection to  
22 the system and the rate at which energy is used. As described above, the physical  
23 connection to the system involves investments (a regulator, a service line and

1 metering facilities) and establishes a commitment on the part of the company to  
2 provide monthly billing, even if no customer usage occurs. Likewise, the rate at  
3 which energy is used serves as the link to the incurrence and magnitude of demand  
4 related utility costs.

5 **Q. WHY HAVE YOU EMPHASIZED THE PHYSICAL CONNECTION TO THE**  
6 **SYSTEM AND THE RATE AT WHICH ENERGY IS USED WHEN**  
7 **DESCRIBING COST CAUSATIVE CUSTOMER UTILIZATION FACTORS?**

8 A. There are two very important factors that drive a natural gas utility's cost incurrence.  
9 First, it is a capital-intensive enterprise. Second, the system must be sized so that it  
10 has the capability to deliver natural gas to customers during extremely cold conditions  
11 (the "design day"), even though this intensity of usage only occurs a few days out of  
12 the year, if at all. This combination of capital intensity and sizing to meet peak day  
13 demands dictates the prominence of the physical connection and the "rate of use"  
14 customer demand characteristic when discussing the cause of cost incurrence.

15 **Q. WHAT IS THE SIGNIFICANCE OF THE DESIGN DAY DEMAND?**

16 A. It is necessary first and foremost to safely and reliably meet the simultaneous loads of  
17 all customers. Furthermore, transmission plant is built to meet the highest  
18 simultaneous peak established by customers. Therefore, the class contribution to the  
19 coincident design day demand is the appropriate cost causative factor to be used in  
20 the allocation of capital cost carrying charges of facilities to customer classes.

21 **Q. WHAT ARE THE GENERAL PRINCIPLES THAT SHOULD GUIDE AN**  
22 **ANALYST IN PREPARING A CLASS COST OF SERVICE STUDY?**

23 A. Allocation of costs among customer classes establishes the basis to measure existing



1 revenue levels from such classes against the costs incurred by the Company to serve  
2 them. It also provides a basis for establishing actual tariff prices that will equitably  
3 recover the costs associated with providing service while minimizing inter-class  
4 subsidies that may otherwise occur. In brief, using the class cost of service analysis,  
5 the analyst allocates costs to cost causers. The costs that a utility incurs to serve  
6 customers are the transmission facilities to transmit the natural gas to town border  
7 stations, distribution facilities to distribute the natural gas to homes and businesses,  
8 general facilities that provide support to the first two functional groups and the related  
9 costs of operation.

10 Some analysts utilize energy use in a class cost of service to distribute capital  
11 costs to classes. These analysts rationalize this allocation methodology by pointing  
12 out that these facilities serve year-round load. This methodology gives no weight to  
13 the critical point that these facilities were sized and built to meet the highest demand  
14 that occurs during the winter period for Atmos Energy.

15 During the five winter months of November through March (the winter  
16 heating season), Atmos Energy can be expected to distribute about 75 percent of its  
17 total firm sales volumes. This vividly illustrates that the use of a design day  
18 allocation methodology links cost incurrence and the cost causer for demand-related  
19 fixed costs.

20 Energy-related costs such as odorant vary with the actual throughput and  
21 should be spread to the various classes based on test year throughput. Costs such as  
22 services, regulators, meters, operation and maintenance of these facilities, customer  
23 accounting and other similar costs can be directly linked to given customer classes

1 and should be allocated to and collected from those classes.

2 **b. The Classification Study**

3 **Q. PLEASE DESCRIBE THE CLASSIFICATION STUDIES.**

4 A. The classification studies I prepared for the Company follow the general guidelines  
5 established above. It is easiest to present the details associated with this process by  
6 introducing the specific studies I have conducted. Exhibit PHR-2 contains the  
7 complete customer/demand cost of service study (including the classifications  
8 developed) for Atmos Energy. The first five pages of the study contain summaries of  
9 the completed cost of service for total and customer-, demand-, and commodity-  
10 related costs. Pages 6 through 19 of the study contain summaries of the cost  
11 classifications employed. Pages 6 through 18 contain classification schedules for  
12 Gross Plant in Service, Reserve for Depreciation and Amortization, Other Rate Base,  
13 O&M Expense, Depreciation Expense, and Taxes Other Than Income and Net  
14 Deductions for Income Tax, respectively. Page 19 summarizes the classifications  
15 developed. Exhibit PHR-3 (the demand-only study) and Exhibit PHR-4 (the  
16 demand/commodity study) are organized in the same way.

17 **Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF GROSS PLANT IN**  
18 **SERVICE.**

19 A. As shown on pages 6-8 of Exhibit PHR-2, a majority of gross plant in service  
20 accounts (general plant) are classified through the use of an internally-generated  
21 composite factor, developed from the classification of all production, storage,  
22 transmission and distribution plant. Investments in transmission plant are classified  
23 as 100% demand-related and investments in storage facilities are classified as 50%

1 demand and 50% commodity. Both classifications are consistent with those used in  
2 the Company's last base rate proceeding. In this study, investments in distribution  
3 mains and related facilities are classified as approximately 50% customer and 50%  
4 demand, in accordance with the results of a zero-intercept study.

5 The demand-only study (Exhibit PHR-3) changes the distribution mains and  
6 related facilities classification to 100% demand and the demand/commodity study  
7 (Exhibit PHR-4) changes the classification of investments in distribution mains as  
8 approximately 62% demand and 38% commodity, based on the calculated load factor  
9 of the system. Of course, as these alternative classification schemes are applied, the  
10 internally-generated composite factors also change to reflect more heavily the  
11 classification chosen for distribution mains and related facilities.

12 **Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF RESERVE FOR**  
13 **DEPRECIATION AND AMORTIZATION.**

14 A. As shown on pages 9-11 of the class cost of service study, the classifications of the  
15 Reserves for Depreciation and Amortization follow the same classifications as  
16 employed for Gross Plant in Service, by study, since the same factors that influence  
17 Gross Plant in Service also affect the Reserves for Depreciation of those plant  
18 categories.

19 **Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF OTHER RATE BASE**  
20 **ITEMS.**

21 A. Other Rate Base items include materials and supplies, gas storage inventory,  
22 prepayments, cash working capital, customer advances and accumulated deferred  
23 income taxes and these amounts are classified in the same way across all studies.

1 Materials and supplies, prepayments and cash working capital are classified in the  
2 same way as operations and maintenance expenditures. Gas storage inventories are  
3 classified as 100% commodity-related. Customer advances are classified as a  
4 customer-related cost and accumulated deferred income taxes are classified according  
5 to net plant, since they would appear to be largely driven by these investments.

6 **Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF OPERATIONS AND**  
7 **MAINTENANCE (O&M) EXPENSES.**

8 A. As can be seen on pages 13-14 of the studies, I have generally classified O&M  
9 expenses in accordance with the NARUC classification models and the same across  
10 all three studies. For example, other gas supply expenses have been classified as  
11 100% commodity-related. Underground storage O&M expenses are classified in the  
12 same way as investments in storage plant, i.e., 50% demand-related and 50%  
13 commodity-related.

14 Transmission O&M expense is classified as entirely demand-related.  
15 Distribution O&M expense classifications rely on customers for those expenses  
16 related to services, regulators and meters and composite classification factors for  
17 many of the other accounts that make up distribution O&M expenses. These  
18 composite factors are generated within the class cost of service model. A&G  
19 expenses are also classified based on composite classification factors. Customer  
20 accounts expenses, customer service and information expenses and sales expenses are  
21 all classified as customer-related.

22 **Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF DEPRECIATION AND**  
23 **AMORTIZATION EXPENSE.**

1 A. Functionalized depreciation and amortization expense is shown on pages 15-17 of the  
2 class cost of service study. Functionalized depreciation expense is classified the same  
3 as gross plant. Of course, this changes the classification of distribution mains and  
4 related facilities depreciation expense across the studies to be consistent with the way  
5 that each study classifies investments in these facilities.

6 **Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF TAXES, OTHER THAN**  
7 **INCOME TAXES.**

8 A. Taxes other than income taxes fall into two categories, ad valorem and payroll-  
9 related. Ad valorem taxes are classified on the basis of plant while the various  
10 payroll-related taxes, most notably FICA taxes, are classified on the basis of total  
11 O&M expenses. Total O&M expenses are also used to classify the DOT transmission  
12 user tax and other taxes. The Public Service Commission Assessment is classified as  
13 commodity-related. Finally, while not a tax, the taxes other than income taxes  
14 schedule includes a classification of interest expense, a deduction to income taxes.  
15 Income taxes are computed elsewhere in the program. These classifications are  
16 shown on Page 18 of the class cost of service studies, and utilize the same  
17 classification factors across all studies.

18 **c. The Allocation Study**

19 **Q. PLEASE DESCRIBE THE ALLOCATION STUDY.**

20 A. The allocation schedules of the cost of service study begin on page 20 of the class  
21 cost of service studies. Each allocation section consists of 4 subsections. The first  
22 subsection shows the allocation of the functionalized cost item's customer  
23 component, the second subsection shows the allocation of the item's demand

1 component, the third the commodity component, and the fourth the total allocated  
2 costs. Thus, for example, pages 20-22 contain the allocation of gross plant customer-  
3 related costs, pages 23-25 gross plant demand-related costs, pages 26-28 gross plant  
4 commodity-related costs and pages 29-31 total allocated gross plant.

5 Each line lists the functionalized cost item, the allocation factor used, the total  
6 company classified costs for that item, and the amount allocated of that cost item to  
7 each of the rate classes. These pages continue through page 71 of the exhibit. The  
8 allocation of revenue follows on page 72. Page 73 shows the classification factors  
9 used in the study, while pages 74 and 75 show the allocation factors used.

10 **Q. PLEASE DESCRIBE THE PRIMARY ALLOCATION FACTORS THAT YOU**  
11 **HAVE USED IN YOUR STUDY.**

12 A. There are three types of allocation factors used in this study. As is the case with the  
13 classification studies discussed above, these allocation factors are related to  
14 customers on the system, demands placed on the system, and energy demanded from  
15 the system.

16 **Q. PLEASE DESCRIBE THE ALLOCATORS OF CUSTOMER-RELATED**  
17 **COSTS THAT YOU USE.**

18 A. Three primary allocators are used to assign customer-related costs to customer  
19 classes: the number of bills, customer-weighted meter investments, and direct  
20 assignment to the five individual customer classes. I used these different allocators  
21 because different customer-related costs are more appropriately allocated with each.

22 **Q. CAN YOU PROVIDE AN EXAMPLE?**

23 A. Certainly. The number of customers by class is used to allocate such expense items

1 as sales and customer service and information costs. Meter investments are the best  
2 allocator for investment in meters. Industrial measuring and regulating station  
3 expenses are most appropriately assigned directly to non-residential sales and  
4 transport customers.

5 **Q. PLEASE DESCRIBE THE ALLOCATORS OF DEMAND-RELATED COSTS**  
6 **THAT YOU USE.**

7 A. The two demand allocators used are a class' design day peak, since design day forms  
8 the basis for planning decisions made by the Company and winter volumes, used to  
9 allocate storage expenses.

10 **Q. PLEASE DESCRIBE THE ALLOCATORS OF COMMODITY-RELATED**  
11 **COSTS THAT YOU USE.**

12 A. The primary allocator for commodity-related costs is total throughput.

13 **Q. PLEASE SUMMARIZE YOUR ALLOCATION STUDIES.**

14 A. The results are provided on lines 34 and 35 of the first page of each class cost of  
15 service study and summarized on Exhibit PHR-5. Page 1 of Exhibit PHR-5 shows  
16 actual and relative returns at present rates, the increases needed for an equalized  
17 proposed return by class and the estimated customer-related costs for the Company  
18 and for each of the cost of service classes for each of the studies developed. This  
19 information is provided for the customer/demand study on lines 1-6, for the demand-  
20 only study on lines 7-12, and the demand/commodity study on lines 13-18. Page 2 of  
21 the exhibit summarizes these results to show the minimum, maximum and average  
22 revenue increases required by class to produce an equalized rate of return from the  
23 three studies on lines 1-6. Similar information related to the customer component of

1 costs identified in each of the studies is provided on lines 7-12.

2 While this exhibit shows that all classes are making positive contributions to  
3 rate of return, the residential class is uniformly providing less than the system average  
4 rate of return. All other classes are generally providing a return greater than the  
5 system average return, as indicated by at least one of the alternative allocation  
6 schemes.

7 **Q. WHY ARE THESE AMOUNTS OF INTEREST TO THE COMMISSION?**

8 A. One of the primary purposes of a class cost of service analysis is to identify interclass  
9 subsidies that may exist between the different classes of a natural gas distribution  
10 system so that steps can be taken to eliminate them. This exhibit identifies for the  
11 Commission the extent to which rates need to be adjusted so that all identified  
12 subsidies can be eliminated under a range of reasonable allocation assumptions.

13 **Q. DOES THE REVENUE INCREASE ALLOCATION ADVOCATED BY**  
14 **COMPANY WITNESS MARK MARTIN MOVE THE CLASSES CLOSER TO**  
15 **AN EQUALIZED RATE OF RETURN?**

16 A. In general, yes. This can be seen by comparing the class relative rates of return at  
17 proposed rates (line 56 of page 1 of each exhibit) to the class relative rates of return at  
18 existing rates (line 35 of page 1 of each exhibit). If the class relative rates of return at  
19 proposed rates move closer to 1.0, the proposed revenue increase is a movement  
20 toward parity of class returns and a reduction of interclass subsidies. With only three  
21 exceptions (Firm Transport Customers in the demand-only and demand/commodity  
22 studies and Non-Residential Interruptible Sales Customers in the demand/commodity  
23 study), this condition prevails across all classes and studies. Thus, I would conclude



1 that the Company's proposed revenue distribution is a reasonable movement toward  
2 reducing interclass subsidies.

3 In addition, the Company's proposed revenue increases by class are generally  
4 within the range of increases suggested by all of the studies, as shown on lines 1-6 in  
5 the last column of page 2 of Exhibit PHR-5. While the studies all suggest that greater  
6 increases to the Residential Sales Customers (and lower increases to the Interruptible  
7 classes) than the Company has proposed are warranted, the Company's proposals  
8 reflect gradualism in the assignment of the revenue increase.

9 **Q. DOES THE EXHIBIT PROVIDE ANY OTHER SUPPORT FOR MR.**  
10 **MARTIN'S RATE DESIGNS?**

11 A. Yes. For the all-important sales classes, Mr. Martin proposes customer charges for  
12 Residential Sales Customers of \$18.25/month and \$45.00/month for Non-Residential  
13 Sales Customers. The levels of these charges are within the bounds established by  
14 the different studies, as shown on lines 8 and 9 of Page 2 of Exhibit PHR-5.

15 **Q. DOES THAT COMPLETE YOUR DIRECT TESTIMONY AT THIS TIME?**

16 A. Yes, it does.

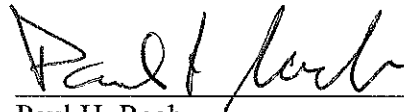
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF )  
RATE APPLICATION OF ) Case No. 2015-00343  
ATMOS ENERGY CORPORATION )


CERTIFICATE AND AFFIDAVIT

The Affiant, Paul H. Raab, being duly sworn, deposes and states that the prepared testimony attached hereto and made a part hereof, constitutes the prepared direct testimony of this affiant in Case No. 2015-00343, in the Matter of the Rate Application of Atmos Energy Corporation, and that if asked the questions propounded therein, this affiant would make the answers set forth in the attached prepared direct pre-filed testimony.

  
\_\_\_\_\_  
Paul H. Raab

STATE OF Maryland  
COUNTY OF Montgomery

SUBSCRIBED AND SWORN to before me by Paul H. Raab on this the 13<sup>th</sup> day of November, 2015.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 05-21-2019

**RONALD SINKER**  
Notary Public, Montgomery Co., MD  
My Commission Expires May 21, 2019

## PAUL H. RAAB

Mr. Raab's consulting focus is on the regulated public utility industry. His experience includes mathematical and economic analyses and system development and his areas of expertise include regulatory change management, load forecasting, supply-side and demand-side planning, management audits, mergers and acquisitions, costing and rate design, and depreciation and life analysis.

### PROFESSIONAL EXPERIENCE

Mr. Raab has directed or has had a key role in numerous engagements in the areas listed above. Representative clients are provided for each of these areas in the subsections below.

**Regulatory Change Management.** Mr. Raab has recently been assisting both electric and natural gas utilities as they prepare to operate in an environment that is significantly different from the one they operate in today. This work has involved the development of unbundled cost of service studies; the development of strategies that will allow companies to prosper in a restructured industry; retail access program development, implementation, and evaluation; and the development of innovative ratemaking approaches to accompany changes in the regulatory structure. Representative clients for whom he has performed such work include:

- Texas Gas Service
- Virginia Natural Gas
- UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc.
- The Peoples Natural Gas Company d/b/a Dominion Peoples
- National Fuel Gas Distribution Corporation
- Columbia Gas of Pennsylvania, Inc.
- Aquila
- Kansas Corporation Commission
- Atmos Energy Corporation
- Electric Cooperatives' Association
- Cleco
- Washington Gas
- Western Resources
- Kansas Gas Service
- Mid Continent Market Center.

**Load Forecasting.** Mr. Raab has broad experience in the review and development of forecasts of sales forecasts for electric and natural gas utilities. This work has also included the development of elasticity of demand measures that have been used for attrition adjustments and revenue requirement reconciliations. Representative clients for whom he has performed such work include:

- Washington Gas Energy Services
- Central Louisiana Electric Company
- Washington Gas
- Saskatchewan Public Utilities Review Commission
- Union Gas Limited
- Nova Scotia Power Corporation
- Cajun Electric Power Cooperative
- Cincinnati Gas & Electric
- Commonwealth Edison Company
- Cleveland Electric Illuminating
- Public Service of Indiana
- Atlantic City Electric Company
- Detroit Edison Company
- Sierra Pacific Power
- Connecticut Natural Gas Corporation
- Appalachian Power Company
- Missouri Public Service Company
- Empire District Electric Company
- Public Service Company of Oklahoma
- Wisconsin Electric Power Company
- Northern States Power Company
- Iowa State Commerce Commission
- Missouri Public Service Commission.

**Supply Side Planning.** Mr. Raab has assisted clients to determine the most appropriate supply-side resources to meet future demands. This assistance has included the determination of optimal sizes and types of capacity to install, determination of production costs including and excluding the resource, and an assessment of system reliability changes as a result of different resource additions. Much of this work for the following clients has been done in conjunction with litigation:

- Enstar Natural Gas
- AGL Resources
- Washington Gas
- Soyland Electric Cooperative
- Houston Lighting and Power
- City of Farmington, New Mexico
- Big Rivers Electric Cooperative
- City of Redding, California
- Brown & Root
- Kentucky Joint Committee on Electric Power Planning Coordination
- Sierra Pacific Power.

**Demand Side Planning.** Demand Side Planning involves the forecasting of future demands; the design, development, implementation, and evaluation of demand

side management programs; the determination of future supply side costs; and the integration of cost effective demand side management programs into an Integrated Least Cost Resource Plan. Mr. Raab has performed such work for the following clients:

- UGI Utilities
- Dominion Peoples Gas
- National Fuel Gas Distribution Corporation
- Columbia Gas of Pennsylvania
- Kansas Gas Service
- Atmos Energy Corporation
- Black Hills Gas Company
- Oklahoma Natural Gas Company
- Washington Gas Light Company
- Piedmont Natural Gas Company
- Chesapeake Utilities
- Pennsylvania & Southern Gas
- Montana-Dakota Utilities.

**Management Audits.** Mr. Raab has been involved in a number of management audits. Consistent with his other experience, the focus of his efforts has been in the areas of load forecasting, demand- and supply-side planning, integrated resource planning, sales and marketing, and rates. Representative commission/utility clients are as follows:

- Public Utilities Commission of Ohio/East Ohio Gas
- Kentucky Public Service Commission/Louisville Gas & Electric
- New Hampshire Public Service Commission/Public Service Company of New Hampshire
- New Mexico Public Service Commission/Public Service of New Mexico
- New York Public Service Commission/New York State Electric & Gas
- Missouri Public Service Commission/Laclede Gas Company
- New Jersey Board of Public Utilities/Jersey Central Power & Light
- New Jersey Board of Public Utilities/New Jersey Natural Gas
- Pennsylvania Public Utilities Commission/ Pennsylvania Power & Light
- California Public Utilities Commission/San Diego Gas & Electric Company.

**Mergers and Acquisitions.** Mr. Raab has been involved in a number of merger and acquisition studies throughout his career. Many of these were conducted as confidential studies and cannot be listed. Those in which his involvement was publicly known are:

- ONEOK, Inc./Southwest Gas Corporation
- Western Resources
- Constellation.

**Costing and Rate Design Analysis.** Mr. Raab has prepared generic rate

design studies for the National Governor's Conference, the Electricity Consumer's Resource Council, the Tennessee Valley Industrial Committee, the State Electricity Commission of Western Australia, and the State Electricity Commission of Victoria. These generic studies addressed advantages and disadvantages of alternative costing approaches in the electric utility industry; the strengths and weaknesses of commonly encountered costing methodologies; future tariff policies to promote equity, efficiency, and fairness criteria; and the advisability of changing tariff policies. Mr. Raab has performed specific costing and rate design studies for the following companies:

- New Mexico Gas
- SEMCO Gas
- Enstar Natural Gas
- Atmos Energy Corporation
- Southern Maryland Electric Cooperative, Inc.
- Comcast Cable Communications, Inc.
- Cable Television Association of Georgia
- Devon Energy
- Aquila
- Oklahoma Natural Gas
- Semco Energy Gas Company
- Laclede Gas
- Western Resources
- Kansas Gas Service Company
- Central Louisiana Electric Company
- Washington Gas Light Company
- Piedmont Natural Gas Company
- Chesapeake Utilities
- Pennsylvania & Southern Gas
- KPL Gas Service Company
- Allegheny Power Systems
- Northern States Power
- Interstate Power Company
- Iowa-Illinois Gas & Electric Company
- Arkansas Power and Light
- Iowa Power & Light
- Iowa Public Service Company
- Southern California Edison
- Pacific Gas & Electric
- New York State Electric & Gas
- Middle South Utilities
- Missouri Public Service Company
- Empire District Electric Company
- Sierra Pacific Power
- Commonwealth Edison Company
- South Carolina Electric & Gas
- State Electricity Commission of Western Australia

- State Electricity Commission of Victoria, Australia
- Public Service Company of New Mexico
- Tennessee Valley Authority.

**Depreciation and Life Analysis.** Mr. Raab has extensive experience in depreciation and life analysis studies for the electric, gas, rail, and telephone industries and has taught a course on depreciation at George Washington University, Washington, DC. Representative clients in this area include:

- Champaign Telephone Company
- Plains Generation & Transmission Cooperative
- CSX Corporation (Includes work for Seaboard Coast Line, Louisville & Nashville, Baltimore & Ohio, Chesapeake & Ohio, and Western Maryland Railroads)
- Lea County Electric Cooperative, Inc.
- North Carolina Electric Membership Cooperative
- Alberta Gas Trunk Lines (NOVA)
- Federal Communications Commission.

#### TESTIMONY

The following table summarizes Mr. Raab's testimony experience.

| Jurisdiction         | Docket Number      | Subject              |
|----------------------|--------------------|----------------------|
| Alaska               | U-09-069, U-09-070 | Rate Design          |
|                      | U-14-010           | Rate Design          |
| Colorado             | 14AL-0300G         | Costing/Rate Design  |
| District of Columbia | 834                | Demand Side Planning |
|                      | 905                | Costing/Rate Design  |
|                      | 917                | Costing/Rate Design  |
|                      | 921                | Demand Side Planning |
|                      | 922                | Rate Design          |
|                      | 934                | Rate Design          |
|                      | 989                | Rate Design          |
|                      | 1016               | Rate Design          |
|                      | 1053               | Costing/Rate Design  |
|                      | 1054               | Rate Design          |
| Georgia              | 1079               | Rate Design          |
|                      | 1093               | Costing/Rate Design  |
|                      | 18300-U            | Costing/Rate Design  |

| Jurisdiction | Docket Number   | Subject   |
|--------------|---|---|
| Indiana      | 36818   | Capacity Planning   |
| Iowa         | RPU-05-2  | Costing/Rate Design   |
| Kansas       | 174,155-U<br>176,716-U<br>98-KGSG-822-TAR<br>99-KGSG-705-GIG<br>01-KGSG-229-TAR<br>02-KGSG-018-TAR<br>02-WSRE-301-RTS<br>03-KGSG-602-RTS<br>03-AQLG-1076-TAR<br>05-AQLG-367-RTS<br>06-KGSG-1209-RTS<br>07-AQLG-431-RTS<br>08-WSEE-1041-RTS<br>10-KCPE-415-RTS<br>10-KGSG-421-TAR<br>10-KCPE-795-TAR<br>12-WSEE-112-RTS<br>12-KGSG-835-RTS<br>12-GIMX-337-GIV<br>12-KG&E-718-CON<br>13-KG&E-451-CON<br>13-WSEE-629-RTS<br>14-ATMG-320-RTS<br>15-WSEE-181-TAR<br>15-KCPE-116-RTS<br>16-ATMG-079-RTS | Retail Competition<br>Costing/Rate Design<br>Rate Design<br>Restructuring<br>Rate Design<br>Rate Design<br>Cost of Service<br>Cost of Service/Rate Design<br>Rate Design<br>Cost of Service/Rate Design<br>Cost of Service/Rate Design<br>Rate Design<br>Cost of Service<br>Cost of Service/Rate Design<br>Demand Side Planning<br>Demand Side Planning<br>Cost of Service/Rate Design<br>Cost of Service/Rate Design<br>Demand Side Planning<br>Cost of Service<br>Cost of Service<br>Cost of Service/Rate Design<br>Cost of Service/Rate Design<br>Demand Side Planning<br>Cost of Service/Rate Design<br>Cost of Service/Rate Design |
| Kentucky     | 9613<br>97-083<br>2009-00354<br>2013-00148  | Capacity Planning<br>Management Audit<br>Cost of Service<br>Cost of Service   |
| Louisiana    | U-21453   | Restructuring/Market Power  |



| Jurisdiction | Docket Number             | Subject              |
|--------------|---------------------------|----------------------|
| Maryland     | 8251                      | Costing/Rate Design  |
|              | 8259                      | Demand Side Planning |
|              | 8315                      | Costing/Rate Design  |
|              | 8720                      | Demand Side Planning |
|              | 8791                      | Costing/Rate Design  |
|              | 8920                      | Costing/Rate Design  |
|              | 8959                      | Costing/Rate Design  |
|              | 9092                      | Costing/Rate Design  |
|              | 9104                      | Costing/Rate Design  |
|              | 9106                      | Costing/Rate Design  |
|              | 9180                      | Capacity Planning    |
| 9267         | Costing/Rate Design       |                      |
| Michigan     | U-6949                    | Load Forecasting     |
|              | U-13575                   | Costing/Rate Design  |
|              | U-16169                   | Costing/Rate Design  |
| Missouri     | GR-2002-356               | Rate Design          |
| Montana      | D2005.4.48                | Costing/Rate Design  |
| Nebraska     | NG-0001, NG-0002, NG-0003 | Rate Design          |
|              | NG-0041                   | Rate Design          |
| Nevada       | 81-660                    | Load Forecasting     |
| New Jersey   | OAL# PUC 1876-82          | Load Forecasting     |
|              | BPU# 822-0116             |                      |
| New Mexico   | 2087                      | Capacity Planning    |
|              | 11-00042-UT               | Rate Design          |
| New York     | 27546                     | Costing/Rate Design  |
| Ohio         | 81-1378-EL-AIR            | Load Forecasting     |

| Jurisdiction | Docket Number                                  | Subject              |
|--------------|--|----------------------|
| Oklahoma     | 27068  | Load Forecasting     |
|              | PUD 200400610                                  | Costing/Rate Design  |
|              | PUD 200700449                                  | Demand Side Planning |
|              | PUD 200800348                                  | Costing/Rate Design  |
|              | PUD 200900110                                  | Costing/Rate Design  |
|              | PUD 201000143                                  | Demand Side Planning |
|              | PUD 201100170                                  | Demand Side Planning |
|              | PUD 201200029                                  | Demand Side Planning |
|              | PUD 201300007                                  | Demand Side Planning |
|              | PUD 201300032                                  | Demand Side Planning |
|              | PUD 201400069                                  | Demand Side Planning |
|              | PUD 201500138                                  | Demand Side Planning |
|              | PUD 201500213                                  | Costing/Rate Design  |
| Pennsylvania | R-0061346                                      | Costing/Rate Design  |
|              | M-2009-2092222, M-2009-2112952, M-2009-2112956 | Demand Side Planning |
|              | M-2009-2093216                                 | Demand Side Planning |
|              | M-2009-2093217                                 | Demand Side Planning |
|              | M-2009-2093218                                 | Demand Side Planning |
|              | M-2010-2210316                                 | Demand Side Planning |
|              | R-2010-2214415                                 | Demand Side Planning |
|              | M-2012-2334387, M-2012-2334392, M-2012-2334398 | Demand Side Planning |
|              | M-2012-2334388                                 | Demand Side Planning |
|              | M-2015-2177174                                 | Demand Side Planning |
| Tennessee    | PURPA Hearings                                 | Costing/Rate Design  |
| Texas        | GUD No. 9762                                   | Costing/Rate Design  |
|              | GUD No. 10170                                  | Costing/Rate Design  |
|              | GUD No. 10174                                  | Costing/Rate Design  |
| US Tax Court | 4870   | Life Analysis        |
|              | 4875   | Life Analysis        |

| <b>Jurisdiction</b> | <b>Docket Number</b> | <b>Subject</b>       |
|---------------------|----------------------|----------------------|
| Virginia            | PUE900013            | Demand Side Planning |
|                     | PUE920041            | Costing/Rate Design  |
|                     | PUE940030            | Costing/Rate Design  |
|                     | PUE940031            | Costing/Rate Design  |
|                     | PUE950131            | Capacity Planning    |
|                     | PUE980813            | Costing/Rate Design  |
|                     | PUE-2002-00364       | Costing/Rate Design  |
|                     | PUE-2003-00603       | Costing/Rate Design  |
|                     | PUE-2006-00059       | Costing/Rate Design  |
|                     | PUE-2008-00060       | Demand Side Planning |
|                     | PUE-2009-00064       | Demand Side Planning |
| PUE-2012-00118      | Demand Side Planning |                      |
| PUE-2012-00138      | Demand Side Planning |                      |
| West Virginia       | 79-140-E-42T         | Capacity Planning    |
|                     | 90-046-E-PC          | Demand Side Planning |
| Wisconsin           | 05-EP-2              | Capacity Planning    |

In addition, Mr. Raab has presented expert testimony before the Federal Energy Regulatory Commission, the Pennsylvania House Consumer Affairs Committee, the Michigan House Economic Development and Energy Committee and the Province of Saskatchewan. He is a member of the Advisory Board of the Expert Evidence Report, published by The Bureau of National Affairs, Inc.

#### **EDUCATION**

Mr. Raab holds a B.A. (with high distinction) in Economics from Rutgers University and an M.A. from SUNY at Binghamton with a concentration in Econometrics. While attending Rutgers, he studied as a Henry Rutgers Scholar.

#### **PUBLICATIONS AND PRESENTATIONS**

Mr. Raab has published in a number of professional journals and spoken at a number of industry conferences. His publications/ presentations include:

- "Natural Gas as an Electric DSM Tool," American Gas Association Membership Services Committee Meeting, Williamsburg, VA, September 15, 2009.
- "Electric-to-Gas Fuel Switching," NARUC Summer Meeting, Seattle, WA, July 20, 2009.
- "The Future of Fuel in Virginia: Natural Gas," The Twenty-Seventh National Regulatory Conference, Williamsburg, VA, May 19, 2009.
- "Revenue Decoupling for Natural Gas Utilities," Energy Bar Association Midwest Energy Conference, Chicago, IL, March 6, 2008.
- "Responses to Arrearage Problems from High Natural Gas Bills," American Gas Association Rate and Regulatory Issues Seminar, Phoenix, AZ, April 8, 2004.
- "Factors Influencing Cooperative Power Supply," National Rural Utilities Cooperative Finance Corporation Independent Borrower's Conference, Boston, MA, July 3, 1997.
- "Current Status of LDC Unbundling," American Gas Association Unbundling Conference: Regulatory and Competitive Issues, Arlington, VA, June 19, 1997.
- "Balancing, Capacity Assignment, and Stranded Costs," American Gas Association Rate and Strategic Planning Committee Spring Meeting, Phoenix, AZ, March 26, 1997.
- "Gas Industry Restructuring and Changes: The Relationship of Economics and Marketing" (with Jed Smith), National Association of Business Economists, 38th Annual Meeting, Boston, MA September 10, 1996.
- "Improving Corporate Performance By Better Forecasting," 1996 Peak Day Demand and Supply Planning Seminar, San Francisco, CA, April 11, 1996.
- "Natural Gas Price Elasticity Estimation," AGA Forecasting Review, Vol. 6, No. 1, November 1995.
- "Assessing Price Competitiveness," Competitive Analysis & Benchmarking for Power Companies, Washington, DC, November 13, 1995.
- "Avoided Cost Concepts and Management Considerations," Workshop on Avoided Costs in a Post 636 Gas Industry: Is It Time to Unbundle Avoided

Cost? Sponsored by the Gas Research Institute and Wisconsin Center for Demand-Side Research, Milwaukee, WI, June 29, 1994.

- "Estimating Implied Long- and Short-Run Price Elasticities of Natural Gas Consumption," Atlantic Economic Conference, Philadelphia, PA, October 10, 1993.
- "Program Evaluation and Marginal Cost," The Natural Gas Least Cost Planning Conference, Washington, DC, April 7, 1992.
- "The New Environmentalism & Least Cost Planning," Institute for Environmental Negotiation, University of Virginia, May 15, 1991.
- "Development of Conditional Demand Estimates of Gas Appliances," AGA Forecasting Review, Vol. 1, No. 1, October 1988.
- "The Feasibility Study: Forecasting and Sensitivities," Municipal Wastewater Treatment Facilities, The Energy Bureau, Inc., November 18, 1985.
- "The Development of a Gas Sales End-Use Forecasting Model," Third International Forecasting Symposium, The International Institute of Forecasting, July 1984.
- "New Forecasting Guidelines for REC's - A Seminar," (Chairman), Kansas City, Missouri, June 1984.
- "A Method and Application of Estimating Long Run Marginal Cost for an Electric Utility," Advances in Microeconomics, Volume II, 1983.
- "Forecasting Under Public Scrutiny," Forecasting Energy and Demand Requirements, University of Wisconsin - Extension, October 25, 1982.
- "Forecasting Public Utilities," The Journal of Business Forecasting, Vol. 1, No. 4, Summer, 1982.
- "Are Utilities Underforecasting," Electric Ratemaking, Vol. 1. No. 1, February, 1982.
- "A Polynomial Spline Function Technique for Defining and Forecasting Electric Utility Load Duration Curves," First International Forecasting Symposium, Montreal, Canada, May, 1981.
- "Time-of-Use Rates and Marginal Costs," ELCON Legal Seminar, March 20, 1980.

- "The Ernst & Whinney Forecasting Model," Forecasting Energy & Demand Requirements, University of Wisconsin - Extension, October 8, 1979.
- "Marginal Cost in Electric Utilities - A Multi-Technology Multi-Period Analysis" (with Frederick McCoy), ORSA/Tims Joint National Meeting, Los Angeles, California, November 13-15, 1978.

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                                  |                        |                      |                       |                                |                   |                            |
|--|----------------------------------|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Class Cost of Service - Customer/Demand Study            |                                  |                        |                      |                       |                                |                   |                            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                  |                        |                      |                       |                                |                   |                            |
| SUMMARY OF RESULTS                                       |                                  |                        |                      |                       |                                |                   |                            |
|  |                                  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  |                                  |                        |                      |                       |                                |                   |                            |
| 2  |                                  |                        |                      |                       |                                |                   |                            |
| 3  |                                  |                        |                      |                       |                                |                   |                            |
| 4  |                                  |                        |                      |                       |                                |                   |                            |
| 5  |                                  |                        |                      |                       |                                |                   |                            |
| 6  |                                  |                        |                      |                       |                                |                   |                            |
| 7  |                                  |                        |                      |                       |                                |                   |                            |
| 8  | Operating Revenues               | 166,804,655            | 98,561,396           | 51,767,399            | 1,435,259                      | 8,035,290         | 7,005,311                  |
| 9  |                                  |                        |                      |                       |                                |                   |                            |
| 10   | Operating Expenses:              |                        |                      |                       |                                |                   |                            |
| 11   |                                  |                        |                      |                       |                                |                   |                            |
| 12   | Operating & Maintenance          | 104,852,766            | 66,443,244           | 36,111,368            | 1,103,403                      | 1,108,934         | 85,816                     |
| 13   | Depreciation & Amortization      | 19,444,466             | 13,690,758           | 4,754,047             | 11,776                         | 889,321           | 98,564                     |
| 14   | Taxes Other Than Income          | 6,100,220              | 4,130,245            | 1,489,184             | 13,873                         | 364,054           | 102,865                    |
| 15   |                                  |                        |                      |                       |                                |                   |                            |
| 16   | Total Operating Expenses         | 130,397,452            | 84,264,247           | 42,354,598            | 1,129,052                      | 2,362,310         | 287,245                    |
| 17   |                                  |                        |                      |                       |                                |                   |                            |
| 18   | Income Before Taxes              | 36,407,203             | 14,297,149           | 9,412,801             | 306,207                        | 5,672,980         | 6,718,066                  |
| 19   |                                  |                        |                      |                       |                                |                   |                            |
| 20   | Interest Expense                 | 7,757,734              | 5,479,095            | 1,735,796             | 5,884                          | 466,682           | 70,278                     |
| 21   |                                  |                        |                      |                       |                                |                   |                            |
| 22   | Income Taxes:                    |                        |                      |                       |                                |                   |                            |
| 23   |                                  |                        |                      |                       |                                |                   |                            |
| 24   | State Income Taxes               | 6.00% 1,718,968        | 529,083              | 460,620               | 18,019                         | 312,378           | 398,867                    |
| 25   | Federal Income Taxes             | 35.00% 9,425,675       | 2,901,140            | 2,525,735             | 98,806                         | 1,712,872         | 2,187,122                  |
| 26   | Total Deferred Income Taxes      | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 27   | Amortization of ITC              | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 28   | Total Income Taxes               | 11,144,644             | 3,430,223            | 2,986,355             | 116,826                        | 2,025,250         | 2,585,990                  |
| 29   |                                  |                        |                      |                       |                                |                   |                            |
| 30   | Net Income                       | 25,262,560             | 10,866,926           | 6,426,446             | 189,382                        | 3,647,730         | 4,132,076                  |
| 31   |                                  |                        |                      |                       |                                |                   |                            |
| 32   | Total Rate Base                  | 335,832,639            | 237,190,241          | 75,142,669            | 254,728                        | 20,202,683        | 3,042,319                  |
| 33   |                                  |                        |                      |                       |                                |                   |                            |
| 34   | Rate of Return                   | 7.5224%                | 4.5815%              | 8.5523%               | 74.3465%                       | 18.0557%          | 135.8199%                  |
| 35   | Relative Rate of Return          | 1.00                   | 0.61                 | 1.14                  | 9.88                           | 2.40              | 18.06                      |
| 36   |                                  |                        |                      |                       |                                |                   |                            |
| 37   | Equalized ROR:                   |                        |                      |                       |                                |                   |                            |
| 38   |                                  |                        |                      |                       |                                |                   |                            |
| 39   | Net Income Increase              | 2,007,051              | 8,392,922            | (324,861)             | (168,698)                      | (2,007,272)       | (3,885,040)                |
| 40   | Uncollectibles/PSC Fees Increase | 0.6901% 22,826         | 95,453               | (3,695)               | (1,919)                        | (22,829)          | (44,185)                   |
| 41   | Income Taxes                     | 1,277,811              | 5,343,448            | (206,827)             | (107,403)                      | (1,277,952)       | (2,473,464)                |
| 42   | Gross Revenue After Increase     | 170,112,344            | 112,393,219          | 51,232,017            | 1,157,240                      | 4,727,237         | 602,632                    |
| 43   | Revenue Increase                 | 3,307,688              | 13,831,823           | (535,382)             | (278,020)                      | (3,308,054)       | (6,402,679)                |
| 44   | Rate of Return                   | 8.1200%                | 8.1200%              | 8.1200%               | 8.1200%                        | 8.1200%           | 8.1200%                    |
| 45   | Relative Rate of Return          | 1.00                   | 1.00                 | 1.00                  | 1.00                           | 1.00              | 1.00                       |
| 46   | Percent Increase                 | 1.9830%                | 14.0337%             | -1.0342%              | -19.3707%                      | -41.1691%         | -91.3975%                  |
| 47   |                                  |                        |                      |                       |                                |                   |                            |
| 48   | Proposed Rate Levels:            | 27,269,585             | 12,068,939           | 6,934,641             | 203,908                        | 3,875,332         | 4,186,763                  |
| 49   |                                  |                        |                      |                       |                                |                   |                            |
| 50   | Net Income Increase              | 2,007,025              | 1,202,014            | 508,196               | 14,527                         | 227,602           | 54,687                     |
| 51   | Uncollectibles/PSC Fees Increase | 22,826                 | 13,671               | 5,780                 | 165                            | 2,589             | 622                        |
| 52   | Income Taxes                     | 1,277,795              | 765,275              | 323,548               | 9,249                          | 144,905           | 34,817                     |
| 53   | Gross Revenue After Increase     | 170,112,301            | 100,542,355          | 52,604,923            | 1,459,200                      | 8,410,386         | 7,095,436                  |
| 54   | Revenue Increase                 | 3,307,646              | 1,980,960            | 837,524               | 23,940                         | 375,096           | 90,126                     |
| 55   | Rate of Return                   | 8.1200%                | 5.0883%              | 9.2286%               | 80.0493%                       | 19.1823%          | 137.6175%                  |
| 56   | Relative Rate of Return          | 1.00                   | 0.63                 | 1.14                  | 9.66                           | 2.36              | 16.95                      |
| 57   | Percent Increase                 | 1.9829%                | 2.0099%              | 1.6179%               | 1.6680%                        | 4.6681%           | 1.2865%                    |

| Atmos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Customer/Demand Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |                        |                      |                       |                                |                   |                            |
|---|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| SUMMARY OF CUSTOMER COSTS   |                        |                      |                       |                                |                   |                            |
|   | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1 Rate Base   | 214,215,257            | 173,434,928          | 39,036,028            | 96,062                         | 1,046,318         | 601,922                    |
| 2   |                        |                      |                       |                                |                   |                            |
| 3 Return @ Realized ROR   | 16,114,055             | 8,597,065            | 3,430,100             | 115,803                        | 1,436,087         | 2,535,000                  |
| 4 O&M Expenses  | 19,008,499             | 15,738,095           | 3,143,534             | 6,989                          | 76,098            | 43,783                     |
| 5 Depreciation Expense  | 14,582,495             | 11,092,483           | 3,300,972             | 10,404                         | 113,410           | 65,226                     |
| 6 Taxes, Other  | 3,465,080              | 2,756,895            | 676,059               | 1,768                          | 19,260            | 11,079                     |
| 7   |                        |                      |                       |                                |                   |                            |
| 8 Interest Expense  | 4,948,372              | 4,006,347            | 901,732               | 2,219                          | 24,170            | 13,904                     |
| 9   |                        |                      |                       |                                |                   |                            |
| 10 Income Taxes:  |                        |                      |                       |                                |                   |                            |
| 11  |                        |                      |                       |                                |                   |                            |
| 12 State Income Taxes   | 1,096,466              | 450,807              | 248,285               | 11,154                         | 138,650           | 247,571                    |
| 13 Federal Income Taxes   | 6,012,291              | 2,471,925            | 1,361,429             | 61,161                         | 760,263           | 1,357,513                  |
| 14 Deferred Income Taxes  | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15 Amortization of ITC  | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16  |                        |                      |                       |                                |                   |                            |
| 17 Total Income Taxes   | 7,108,757              | 2,922,732            | 1,609,714             | 72,315                         | 898,913           | 1,605,064                  |
| 18  |                        |                      |                       |                                |                   |                            |
| 19 Total Customer-Related Costs @ Realized ROR  | 60,278,867             | 41,107,269           | 12,160,379            | 207,279                        | 2,543,767         | 4,280,172                  |
| 20 Total Customers  | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 21 Customer Costs (\$/customer/month)   |                        | \$ 21.94             | \$ 53.13              | \$ 1,512.98                    | \$ 1,723.42       | \$ 5,000.20                |
| 22  |                        |                      |                       |                                |                   |                            |
| 23  |                        |                      |                       |                                |                   |                            |
| 24 Incremental Return @ Equalized ROR   | 1,280,224              | 5,485,852            | (280,375)             | (108,003)                      | (1,351,126)       | (2,486,124)                |
| 25 Incremental Income Taxes   | 815,069                | 3,492,629            | (185,771)             | (68,761)                       | (860,210)         | (1,582,819)                |
| 26 Incremental Uncollectibles/PSC Fees Increase   | 14,560                 | 62,391               | (2,961)               | (1,228)                        | (15,366)          | (28,275)                   |
| 27  |                        |                      |                       |                                |                   |                            |
| 28 Total Customer-Related Costs @ Equalized ROR   | 62,388,719             | 50,148,141           | 11,731,273            | 29,286                         | 317,065           | 162,954                    |
| 29 Customers  | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 30 Dollars/Customer/Month   | \$ 29.63               | \$ 26.76             | \$ 51.26              | \$ 213.77                      | \$ 214.81         | \$ 191.26                  |
| 31  |                        |                      |                       |                                |                   |                            |
| 32  |                        |                      |                       |                                |                   |                            |
| 33 Incremental Return @ Proposed Rates  | 1,280,207              | 899,035              | 271,002               | 8,869                          | 74,419            | 26,883                     |
| 34 Incremental Income Taxes   | 815,058                | 572,381              | 172,537               | 5,647                          | 47,379            | 17,115                     |
| 35 Incremental Uncollectibles/PSC Fees Increase   | 14,560                 | 10,225               | 3,082                 | 101                            | 846               | 306                        |
| 36  |                        |                      |                       |                                |                   |                            |
| 37 Total Customer-Related Costs @ Proposed Rates  | 62,398,692             | 42,588,909           | 12,607,000            | 221,895                        | 2,666,412         | 4,304,475                  |
| 38 Customers  | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 39 Dollars/Customer/Month   | \$ 29.63               | \$ 22.73             | \$ 55.08              | \$ 1,619.67                    | \$ 1,808.51       | \$ 5,052.20                |



| Almos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Customer/Demand Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                        |                      |                       |                                |                   |                            |
|---|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| SUMMARY OF DEMAND COSTS   |  |                        |                      |                       |                                |                   |                            |
|   |  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1   | Rate Base                                    | 106,071,789            | 57,284,000           | 31,964,274            | 0                              | 16,823,516        | 0                          |
| 2   |  |                        |                      |                       |                                |                   |                            |
| 3   | Return @ Realized ROR                        | 7,979,108              | 2,105,954            | 2,648,916             | 53,764                         | 1,937,652         | 1,232,822                  |
| 4   | O&M Expenses                                 | 6,247,947              | 3,374,200            | 1,882,792             | 0                              | 990,956           | 0                          |
| 5   | Depreciation Expense                         | 4,677,304              | 2,525,975            | 1,409,485             | 0                              | 741,844           | 0                          |
| 6   | Taxes, Other                                 | 1,634,247              | 882,574              | 492,473               | 0                              | 259,200           | 0                          |
| 7   |  |                        |                      |                       |                                |                   |                            |
| 8   | Interest Expense                             | 2,450,258              | 1,323,260            | 738,375               | 0                              | 388,623           | 0                          |
| 9   |  |                        |                      |                       |                                |                   |                            |
| 10  | Income Taxes:                                |                        |                      |                       |                                |                   |                            |
| 11  |  |                        |                      |                       |                                |                   |                            |
| 12  | State Income Taxes                           | 542,931                | 76,860               | 187,615               | 5,280                          | 152,114           | 121,063                    |
| 13  | Federal Income Taxes                         | 2,977,073              | 421,451              | 1,028,753             | 28,950                         | 834,093           | 663,827                    |
| 14  | Deferred Income Taxes                        | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15  | Amortization of ITC                          | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16  |  |                        |                      |                       |                                |                   |                            |
| 17  | Total Income Taxes                           | 3,520,004              | 498,311              | 1,216,368             | 34,229                         | 986,207           | 784,890                    |
| 18  |  |                        |                      |                       |                                |                   |                            |
| 19  | Total Demand-Related Costs @ Realized ROR    | 24,058,611             | 9,387,014            | 7,650,034             | 87,993                         | 4,915,859         | 2,017,711                  |
| 20  |  |                        |                      |                       |                                |                   |                            |
| 21  |  |                        |                      |                       |                                |                   |                            |
| 22  | Incremental Return @ Equalized ROR           | 633,921                | 2,545,507            | (53,417)              | (53,764)                       | (571,583)         | (1,232,822)                |
| 23  | Incremental Income Taxes                     | 403,583                | 1,620,625            | (34,009)              | (34,229)                       | (363,905)         | (784,890)                  |
| 24  | Incremental Uncollectibles/PSC Fees Increase | 7,210                  | 28,950               | (608)                 | (611)                          | (6,501)           | (14,021)                   |
| 25  |  |                        |                      |                       |                                |                   |                            |
| 26  | Total Demand-Related Costs @ Equalized ROR   | 25,103,335             | 13,582,096           | 7,562,001             | (611)                          | 3,973,870         | (14,021)                   |
| 27  |  |                        |                      |                       |                                |                   |                            |
| 28  |  |                        |                      |                       |                                |                   |                            |
| 29  | Incremental Return @ Proposed Rates          | 633,913                | 274,280              | 209,701               | 4,107                          | 134,295           | 11,530                     |
| 30  | Incremental Income Taxes                     | 403,588                | 174,623              | 133,508               | 2,615                          | 85,500            | 7,341                      |
| 31  | Incremental Uncollectibles/PSC Fees Increase | 7,210                  | 3,119                | 2,385                 | 47                             | 1,527             | 131                        |
| 32  |  |                        |                      |                       |                                |                   |                            |
| 33  | Total Demand-Related Costs @ Proposed Rates  | 25,103,321             | 9,839,037            | 7,895,628             | 94,762                         | 5,137,181         | 2,036,713                  |

Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

SUMMARY OF COMMODITY COSTS

|   | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res<br>Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
|---|------------------------|----------------------|--------------------------|--------------------------------|-------------------|----------------------------|
| 1 Rate Base                                       | 15,545,593             | 6,471,313            | 4,142,367                | 158,667                        | 2,332,849         | 2,440,397                  |
| 2   |                        |                      |                          |                                |                   |                            |
| 3 Return @ Realized ROR                           | 1,189,396              | 486,796              | 311,604                  | 11,935                         | 175,485           | 183,576                    |
| 4 O&M Expenses                                    | 79,596,320             | 47,330,950           | 31,085,042               | 1,096,414                      | 41,881            | 42,034                     |
| 5 Depreciation Expense                            | 184,667                | 72,301               | 43,589                   | 1,372                          | 34,068            | 33,337                     |
| 6 Taxes, Other                                    | 1,000,912              | 490,775              | 320,652                  | 12,105                         | 85,595            | 91,786                     |
| 7   |                        |                      |                          |                                |                   |                            |
| 8 Interest Expense                                | 359,103                | 149,467              | 95,689                   | 3,665                          | 53,899            | 58,373                     |
| 9   |                        |                      |                          |                                |                   |                            |
| 10 Income Taxes:                                  |                        |                      |                          |                                |                   |                            |
| 11  |                        |                      |                          |                                |                   |                            |
| 12 State Income Taxes                             | 79,571                 | 33,124               | 21,203                   | 812                            | 11,941            | 12,491                     |
| 13 Federal Income Taxes                           | 436,312                | 181,628              | 118,262                  | 4,453                          | 65,475            | 68,494                     |
| 14 Deferred Income Taxes                          | 0                      | 0                    | 0                        | 0                              | 0                 | 0                          |
| 15 Amortization of ITC                            | 0                      | 0                    | 0                        | 0                              | 0                 | 0                          |
| 16  |                        |                      |                          |                                |                   |                            |
| 17 Total Income Taxes                             | 515,882                | 214,751              | 137,465                  | 5,265                          | 77,416            | 80,985                     |
| 18  |                        |                      |                          |                                |                   |                            |
| 19 Total Commodity-Related Costs                  | 82,467,178             | 48,595,572           | 31,898,352               | 1,127,092                      | 414,445           | 431,717                    |
| 20 Total Throughput                               | 32,865,246             | 10,336,507           | 6,783,219                | 328,781                        | 7,371,869         | 8,044,870                  |
| 21 Commodity Costs (\$/Mcf)                       | \$ 4.70135             | \$ 4.70254           | \$ 3.42810               | \$ 0.05622                     | \$ 0.05           | \$ 0.05                    |
| 22  |                        |                      |                          |                                |                   |                            |
| 23  |                        |                      |                          |                                |                   |                            |
| 24 Incremental Return @ Equalized ROR             | 92,906                 | 38,675               | 24,756                   | 946                            | 13,942            | 14,585                     |
| 25 Incremental Income Taxes                       | 59,150                 | 24,623               | 15,761                   | 604                            | 8,876             | 9,285                      |
| 26 Incremental Uncollectibles/PSC Fees Increase   | 1,057                  | 440                  | 282                      | 11                             | 159               | 166                        |
| 27  |                        |                      |                          |                                |                   |                            |
| 28 Total Commodity-Related Costs @ Equalized ROR  | 82,620,290             | 48,659,310           | 31,939,151               | 1,128,655                      | 437,422           | 455,753                    |
| 29 Total Throughput                               | 32,865,246             | 10,336,507           | 6,783,219                | 328,781                        | 7,371,869         | 8,044,870                  |
| 30 Commodity Costs (\$/Mcf)                       | \$ 2.51                | \$ 4.71              | \$ 4.71                  | \$ 3.43                        | \$ 0.06           | \$ 0.06                    |
| 31  |                        |                      |                          |                                |                   |                            |
| 32  |                        |                      |                          |                                |                   |                            |
| 33 Incremental Return @ Proposed Rates            | 92,905                 | (294,190)            | 63,318                   | 9,430                          | 117,393           | 196,953                    |
| 34 Incremental Income Taxes                       | 59,149                 | (187,296)            | 40,312                   | 6,003                          | 74,740            | 125,392                    |
| 35 Incremental Uncollectibles/PSC Fees Increase   | 1,057                  | (3,346)              | 720                      | 107                            | 1,335             | 2,240                      |
| 36  |                        |                      |                          |                                |                   |                            |
| 37 Total Commodity-Related Costs @ Proposed Rates | 82,620,288             | 48,110,737           | 32,002,702               | 1,142,632                      | 607,914           | 756,303                    |
| 38 Total Throughput                               | 32,865,246             | 10,336,507           | 6,783,219                | 328,781                        | 7,371,869         | 8,044,870                  |
| 39 Commodity Costs (\$/Mcf)                       | \$ 2.51                | \$ 4.65              | \$ 4.72                  | \$ 3.48                        | \$ 0.08           | \$ 0.09                    |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                        |                      |                       |                                |                   |                            |
|--|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Class Cost of Service - Customer/Demand Study            |  |                        |                      |                       |                                |                   |                            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                        |                      |                       |                                |                   |                            |
| TOTAL COST OF SERVICE                                    |  |                        |                      |                       |                                |                   |                            |
|  |  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  | Rate Base                                    | 335,832,639            | 237,190,241          | 75,142,669            | 254,728                        | 20,202,683        | 3,042,319                  |
| 2  |  |                        |                      |                       |                                |                   |                            |
| 3  | Return @ Realized ROR                        | 25,262,560             | 11,189,815           | 6,390,621             | 181,502                        | 3,549,225         | 3,951,397                  |
| 4  | O&M Expenses                                 | 104,852,766            | 66,443,244           | 36,111,368            | 1,103,403                      | 1,108,934         | 85,816                     |
| 5  | Depreciation Expense                         | 19,444,466             | 13,690,758           | 4,754,047             | 11,776                         | 889,321           | 98,564                     |
| 6  | Taxes, Other                                 | 6,100,220              | 4,130,245            | 1,489,184             | 13,973                         | 364,054           | 102,865                    |
| 7  |  |                        |                      |                       |                                |                   |                            |
| 8  | Interest Expense                             | 7,757,734              | 5,479,095            | 1,735,796             | 5,884                          | 466,682           | 70,278                     |
| 9  |  |                        |                      |                       |                                |                   |                            |
| 10   | Income Taxes:                                |                        |                      |                       |                                |                   |                            |
| 11   |  |                        |                      |                       |                                |                   |                            |
| 12   | State Income Taxes                           | 1,718,968              | 560,791              | 457,102               | 17,246                         | 302,705           | 381,125                    |
| 13   | Federal Income Taxes                         | 9,425,675              | 3,075,003            | 2,506,444             | 94,564                         | 1,659,831         | 2,089,834                  |
| 14   | Deferred Income Taxes                        | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15   | Amortization of ITC                          | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16   |  |                        |                      |                       |                                |                   |                            |
| 17   | Total Income Taxes                           | 11,144,644             | 3,635,794            | 2,963,546             | 111,809                        | 1,962,536         | 2,470,958                  |
| 18   |  |                        |                      |                       |                                |                   |                            |
| 19   | Total Cost of Service @ Realized ROR         | 166,804,655            | 99,089,855           | 51,708,765            | 1,422,363                      | 7,874,071         | 6,709,600                  |
| 20   |  |                        |                      |                       |                                |                   |                            |
| 21   |  |                        |                      |                       |                                |                   |                            |
| 22   | Incremental Return @ Equalized ROR           | 2,007,051              | 8,070,033            | (289,036)             | (160,818)                      | (1,908,767)       | (3,704,361)                |
| 23   | Incremental Income Taxes                     | 1,277,811              | 5,137,877            | (184,018)             | (102,387)                      | (1,215,238)       | (2,358,423)                |
| 24   | Incremental Uncollectibles/PSC Fees Increase | 22,826                 | 91,781               | (3,287)               | (1,829)                        | (21,709)          | (42,130)                   |
| 25   |  |                        |                      |                       |                                |                   |                            |
| 26   | Total Cost of Service @ Equalized ROR        | 170,112,344            | 112,389,546          | 51,232,424            | 1,157,329                      | 4,728,357         | 604,686                    |
| 27   |  |                        |                      |                       |                                |                   |                            |
| 28   |  |                        |                      |                       |                                |                   |                            |
| 29   | Incremental Return @ Proposed Rates          | 2,007,025              | 879,125              | 544,021               | 22,408                         | 326,107           | 235,366                    |
| 30   | Incremental Income Taxes                     | 1,277,795              | 559,705              | 346,357               | 14,265                         | 207,620           | 149,848                    |
| 31   | Incremental Uncollectibles/PSC Fees Increase | 22,826                 | 9,998                | 6,187                 | 255                            | 3,709             | 2,677                      |
| 32   |  |                        |                      |                       |                                |                   |                            |
| 33   | Total Cost of Service @ Proposed Rates       | 170,112,301            | 100,538,683          | 52,605,330            | 1,459,289                      | 8,411,507         | 7,097,491                  |





| Almos Energy Corporation, Kentucky/Mid-States Division   |           |  |              |                 |                   |             |             |              |  |
|--|-----------|--|--------------|-----------------|-------------------|-------------|-------------|--------------|--|
| Class Cost of Service - Customer/Demand Study            |           |  |              |                 |                   |             |             |              |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |  |              |                 |                   |             |             |              |  |
| CLASSIFICATION OF GROSS PLANT IN SERVICE                 |           |  |              |                 |                   |             |             |              |  |
| Line No.   | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$   | Commodity \$ |  |
| 177  |           | Shared Services General Office:              |              |                 |                   |             |             |              |  |
| 178  |           | General:                                     |              |                 |                   |             |             |              |  |
| 180  |           |  |              |                 |                   |             |             |              |  |
| 181  | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 182  | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 183  | 36602     | Structures & Improvements                    | 264,248      | 5.4             | P, S, T & D Plant | 176,051     | 84,131      | 4,067        |  |
| 184  | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 185  | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 186  | 39009     | Improvement to leased Premises               | 507,647      | 5.4             | P, S, T & D Plant | 338,211     | 161,624     | 7,813        |  |
| 187  | 39100     | Office Furniture & Equipment                 | 591,034      | 5.4             | P, S, T & D Plant | 393,766     | 188,172     | 9,096        |  |
| 188  | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 189  | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 190  | 39200     | Transportation Equipment                     | 5,437        | 5.4             | P, S, T & D Plant | 3,822       | 1,731       | 84           |  |
| 191  | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 192  | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 193  | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 194  | 39400     | Tools, Shop & Garage Equipment               | 84,202       | 5.4             | P, S, T & D Plant | 56,098      | 26,808      | 1,296        |  |
| 195  | 39500     | Laboratory Equipment                         | 1,242        | 5.4             | P, S, T & D Plant | 828         | 396         | 19           |  |
| 196  | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 197  | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 198  | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 199  | 39700     | Communication Equipment                      | 133,888      | 5.4             | P, S, T & D Plant | 89,200      | 42,627      | 2,061        |  |
| 200  | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 201  | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 202  | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 203  | 39800     | Miscellaneous Equipment                      | 28,914       | 5.4             | P, S, T & D Plant | 19,263      | 9,296       | 445          |  |
| 204  | 39801     | Other Tangible Property                      | 8,858        | 5.4             | P, S, T & D Plant | 5,669       | 2,814       | 136          |  |
| 205  | 39901     | Other Tangible Property - Servers - H/W      | 1,652,378    | 5.4             | P, S, T & D Plant | 1,100,864   | 526,079     | 25,431       |  |
| 206  | 39902     | Other Tangible Property - Servers - S/W      | 1,013,026    | 5.4             | P, S, T & D Plant | 674,910     | 322,525     | 15,591       |  |
| 207  | 39903     | Other Tangible Property - Network - H/W      | 178,623      | 5.4             | P, S, T & D Plant | 119,004     | 56,870      | 2,749        |  |
| 208  | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 209  | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 210  | 39906     | Other Tang. Property - PC Hardware           | 119,949      | 5.4             | P, S, T & D Plant | 78,914      | 36,169      | 1,846        |  |
| 211  | 39907     | Other Tang. Property - PC Software           | 38,076       | 5.4             | P, S, T & D Plant | 24,035      | 11,465      | 555          |  |
| 212  | 39908     | Other Tang. Property - Mainframe S/W         | 6,431,595    | 5.4             | P, S, T & D Plant | 4,284,933   | 2,047,677   | 98,985       |  |
| 213  | 39909     | Other Tang. Property - Application Software  | 51,684       | 5.4             | P, S, T & D Plant | 34,420      | 16,449      | 795          |  |
| 214  | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 216  |           | Total General Plant                          | 11,108,756   |                 |                   | 7,401,007   | 3,636,781   | 170,968      |  |
| 217  |           |  |              |                 |                   |             |             |              |  |
| 218  |           | CWIP w/o AFUDC                               | 620,248      | 5.4             | P, S, T & D Plant | 413,229     | 197,473     | 9,546        |  |
| 219  |           |  |              |                 |                   |             |             |              |  |
| 220  |           | Shared Services Customer Support:            |              |                 |                   |             |             |              |  |
| 221  |           | General:                                     |              |                 |                   |             |             |              |  |
| 222  |           |  |              |                 |                   |             |             |              |  |
| 223  |           |  |              |                 |                   |             |             |              |  |
| 224  | 37400     | Land & Land Rights                           | 184,639      | 5.4             | P, S, T & D Plant | 128,013     | 68,785      | 2,842        |  |
| 225  | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 226  | 36602     | Structures & Improvements                    | 637,684      | 5.4             | P, S, T & D Plant | 558,092     | 266,700     | 12,892       |  |
| 227  | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 228  | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 229  | 39009     | Improvement to leased Premises               | 245,537      | 5.4             | P, S, T & D Plant | 163,585     | 78,174      | 3,779        |  |
| 230  | 39100     | Office Furniture & Equipment                 | 130,678      | 5.4             | P, S, T & D Plant | 87,662      | 41,605      | 2,011        |  |
| 231  | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 232  | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 233  | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 234  | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 235  | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 236  | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 237  | 39400     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 238  | 39500     | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 239  | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 240  | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 241  | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 242  | 39700     | Communication Equipment                      | 115,063      | 5.4             | P, S, T & D Plant | 76,859      | 36,634      | 1,771        |  |
| 243  | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 244  | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 245  | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 246  | 39800     | Miscellaneous Equipment                      | 3,476        | 5.4             | P, S, T & D Plant | 2,316       | 1,107       | 53           |  |
| 247  | 39900     | Other Tangible Property                      | 36,937       | 5.4             | P, S, T & D Plant | 24,608      | 11,760      | 588          |  |
| 248  | 39901     | Other Tangible Property - Servers - H/W      | 468,909      | 5.4             | P, S, T & D Plant | 312,402     | 149,280     | 7,217        |  |
| 249  | 39902     | Other Tangible Property - Servers - S/W      | 104,865      | 5.4             | P, S, T & D Plant | 69,865      | 33,387      | 1,614        |  |
| 250  | 39903     | Other Tangible Property - Network - H/W      | 38,067       | 5.4             | P, S, T & D Plant | 24,029      | 11,483      | 555          |  |
| 251  | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 252  | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 253  | 39906     | Other Tang. Property - PC Hardware           | 59,881       | 5.4             | P, S, T & D Plant | 39,895      | 19,685      | 922          |  |
| 254  | 39907     | Other Tang. Property - PC Software           | 11,765       | 5.4             | P, S, T & D Plant | 7,638       | 3,746       | 161          |  |
| 255  | 39908     | Other Tang. Property - Mainframe S/W         | 6,431,390    | 5.4             | P, S, T & D Plant | 4,284,797   | 2,047,612   | 98,982       |  |
| 256  | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 257  | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant |             |             |              |  |
| 258  |           |  |              |                 |                   |             |             |              |  |
| 259  |           | Total General Plant                          | 8,666,882    |                 |                   | 5,774,159   | 2,759,346   | 133,387      |  |
| 260  |           |  |              |                 |                   |             |             |              |  |
| 261  |           | CWIP w/o AFUDC                               | 74,130       | 5.4             | P, S, T & D Plant | 49,388      | 23,691      | 1,141        |  |
| 262  |           |  |              |                 |                   |             |             |              |  |
| 263  |           | TOTAL PLANT IN SERVICE                       | 652,689,040  |                 |                   | 368,169,068 | 175,935,269 | 8,504,712    |  |
| 264  |           |  |              |                 |                   |             |             |              |  |
| 265  |           | TOTAL CWIP W/O AFUDC                         | 14,731,739   |                 |                   | 9,814,753   | 4,690,268   | 228,727      |  |







| Atmos Energy Corporation, Kentucky/Mid-States Division      |                                   |  |                 |                   |                   |            |              |         |
|---|-----------------------------------|--|-----------------|-------------------|-------------------|------------|--------------|---------|
| Class Cost of Service - Customer/Demand Study               |                                   |  |                 |                   |                   |            |              |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017    |                                   |  |                 |                   |                   |            |              |         |
| CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION |                                   |  |                 |                   |                   |            |              |         |
| Line No.  | Acct. No.                         | Test Year \$                                 | Classif. Factor | Classif. Basis    | Customer \$       | Demand \$  | Commodity \$ |         |
| 175   | Shared Services General Office:   |  |                 |                   |                   |            |              |         |
| 176   | General:                          |  |                 |                   |                   |            |              |         |
| 177   |                                   |  |                 |                   |                   |            |              |         |
| 178   |                                   |  |                 |                   |                   |            |              |         |
| 179   | 37400                             | Land & Land Rights                           | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 180   | 39000                             | Structures & Improvements                    | 5.4             | P, S, T & D Plant | 55,959            | 26,742     | 1,293        |         |
| 181   | 36802                             | Structures & Improvements                    | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 182   | 37503                             | Improvements                                 | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 183   | 39004                             | Air Conditioning Equipment                   | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 184   | 39009                             | Improvement to leased Premises               | 5.4             | P, S, T & D Plant | 328,428           | 156,949    | 7,587        |         |
| 185   | 39100                             | Office Furniture & Equipment                 | 5.4             | P, S, T & D Plant | 229,177           | 109,519    | 5,294        |         |
| 186   | 39102                             | Remittance Processing Equip                  | 5.4             | P, S, T & D Plant | 205               | 88         | 5            |         |
| 187   | 39103                             | Office Machines                              | 5.4             | P, S, T & D Plant | 101               | 48         | 2            |         |
| 188   | 39200                             | Transportation Equipment                     | 5.4             | P, S, T & D Plant | 3,624             | 1,732      | 84           |         |
| 189   | 39201                             | Trucks                                       | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 190   | 39202                             | Trailers                                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 191   | 39300                             | Stores Equipment                             | 5.4             | P, S, T & D Plant | 27                | 13         | 1            |         |
| 192   | 39400                             | Tools, Shop & Garage Equipment               | 5.4             | P, S, T & D Plant | 7,897             | 3,774      | 182          |         |
| 193   | 39500                             | Laboratory Equipment                         | 5.4             | P, S, T & D Plant | 386               | 185        | 9            |         |
| 194   | 39603                             | Ditchers                                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 195   | 39604                             | Backhoes                                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 196   | 39605                             | Welders                                      | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 197   | 39700                             | Communication Equipment                      | 5.4             | P, S, T & D Plant | 60,108            | 28,946     | 1,158        |         |
| 198   | 39701                             | Communication Equipment - Mobile Radios      | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 199   | 39702                             | Communication Equipment - Fixed Radios       | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 200   | 39705                             | Communication Equip. - Telemetering          | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 201   | 39800                             | Miscellaneous Equipment                      | 5.4             | P, S, T & D Plant | 4,919             | 2,351      | 114          |         |
| 202   | 39900                             | Other Tangible Property                      | 5.4             | P, S, T & D Plant | 4,891             | 2,337      | 113          |         |
| 203   | 39901                             | Other Tangible Property - Servers - H/W      | 5.4             | P, S, T & D Plant | 311,871           | 148,941    | 7,209        |         |
| 204   | 39902                             | Other Tangible Property - Servers - S/W      | 5.4             | P, S, T & D Plant | 319,841           | 162,749    | 7,384        |         |
| 205   | 39903                             | Other Tangible Property - Network - H/W      | 5.4             | P, S, T & D Plant | 52,136            | 24,915     | 1,204        |         |
| 206   | 39904                             | Other Tang. Property - CPU                   | 5.4             | P, S, T & D Plant | 801               | 287        | 14           |         |
| 207   | 39905                             | Other Tangible Property - MF - Hardware      | 5.4             | P, S, T & D Plant | 540               | 259        | 12           |         |
| 208   | 39906                             | Other Tang. Property - PC Hardware           | 5.4             | P, S, T & D Plant | 62,393            | 25,037     | 1,210        |         |
| 209   | 39907                             | Other Tang. Property - PC Software           | 5.4             | P, S, T & D Plant | 19,794            | 9,459      | 457          |         |
| 210   | 39908                             | Other Tang. Property - Mainframe S/W         | 5.4             | P, S, T & D Plant | 3,038,549         | 1,452,057  | 70,192       |         |
| 211   | 39909                             | Other Tang. Property - Application Software  | 5.4             | P, S, T & D Plant | 38,484            | 18,391     | 889          |         |
| 212   | 39924                             | Other Tang. Property - General Startup Costs | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 213   |                                   | Retirement Work in Progress                  | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 214   |                                   |  |                 |                   |                   |            |              |         |
| 215   |                                   | Total General Plant                          | 6,783,719       |                   | 4,519,530         | 2,159,788  | 104,404      |         |
| 216   |                                   |  |                 |                   |                   |            |              |         |
| 217   | Shared Services Customer Support: |  |                 |                   |                   |            |              |         |
| 218   | General:                          |  |                 |                   |                   |            |              |         |
| 219   |                                   |  |                 |                   |                   |            |              |         |
| 220   |                                   |  |                 |                   |                   |            |              |         |
| 221   | 37400                             | Land & Land Rights                           | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 222   | 39001                             | Structures Frame                             | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 223   | 36802                             | Structures & Improvements                    | 5.4             | P, S, T & D Plant | 162,707           | 77,754     | 3,759        |         |
| 224   | 37503                             | Improvements                                 | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 225   | 39004                             | Air Conditioning Equipment                   | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 226   | 39009                             | Improvement to leased Premises               | 5.4             | P, S, T & D Plant | 146,177           | 69,377     | 3,354        |         |
| 227   | 39100                             | Office Furniture & Equipment                 | 5.4             | P, S, T & D Plant | 17,003            | 8,125      | 393          |         |
| 228   | 39102                             | Remittance Processing Equip                  | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 229   | 39103                             | Office Machines                              | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 230   | 39200                             | Transportation Equipment                     | 5.4             | P, S, T & D Plant | 7                 | 3          | 0            |         |
| 231   | 39201                             | Trucks                                       | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 232   | 39202                             | Trailers                                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 233   | 39300                             | Stores Equipment                             | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 234   | 39400                             | Tools, Shop & Garage Equipment               | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 235   | 39600                             | Power Operated Equipment                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 236   | 39603                             | Ditchers                                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 237   | 39604                             | Backhoes                                     | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 238   | 39605                             | Welders                                      | 5.4             | P, S, T & D Plant |                   |            |              |         |
| 239   | 39700                             | Communication Equipment                      | (399,726)       | 5.4               | P, S, T & D Plant | (226,336)  | (108,161)    | (5,229) |
| 240   | 39701                             | Communication Equipment - Mobile Radios      |                 | 5.4               | P, S, T & D Plant |            |              |         |
| 241   | 39702                             | Communication Equipment - Fixed Radios       |                 | 5.4               | P, S, T & D Plant |            |              |         |
| 242   | 39705                             | Communication Equip. - Telemetering          |                 | 5.4               | P, S, T & D Plant |            |              |         |
| 243   | 39800                             | Miscellaneous Equipment                      | 201             | 5.4               | P, S, T & D Plant | 134        | 64           | 3       |
| 244   | 39900                             | Other Tangible Property                      | 17,622          | 5.4               | P, S, T & D Plant | 11,740     | 5,610        | 271     |
| 245   | 39901                             | Other Tangible Property - Servers - H/W      | 217,659         | 5.4               | P, S, T & D Plant | 145,012    | 69,298       | 3,350   |
| 246   | 39902                             | Other Tangible Property - Servers - S/W      | 91,188          | 5.4               | P, S, T & D Plant | 40,766     | 19,481       | 942     |
| 247   | 39903                             | Other Tangible Property - Network - H/W      | 6,690           | 5.4               | P, S, T & D Plant | 4,457      | 2,130        | 103     |
| 248   | 39904                             | Other Tang. Property - CPU                   |                 | 5.4               | P, S, T & D Plant |            |              |         |
| 249   | 39905                             | Other Tangible Property - MF - Hardware      |                 | 5.4               | P, S, T & D Plant |            |              |         |
| 250   | 39906                             | Other Tang. Property - PC Hardware           | (2,011)         | 5.4               | P, S, T & D Plant | (1,340)    | (640)        | (31)    |
| 251   | 39907                             | Other Tang. Property - PC Software           | (296)           | 5.4               | P, S, T & D Plant | (197)      | (94)         | (5)     |
| 252   | 39908                             | Other Tang. Property - Mainframe S/W         | 2,859,926       | 5.4               | P, S, T & D Plant | 1,905,374  | 910,537      | 44,015  |
| 253   | 39909                             | Other Tang. Property - Application Software  | 674             | 5.4               | P, S, T & D Plant | 449        | 215          | 10      |
| 254   | 39924                             | Other Tang. Property - General Startup Costs | 1,495           | 5.4               | P, S, T & D Plant | 958        | 476          | 23      |
| 255   |                                   | Retirement Work in Progress                  | 462             | 5.4               | P, S, T & D Plant | 308        | 147          | 7       |
| 256   |                                   |  |                 |                   |                   |            |              |         |
| 257   |                                   | Total General Plant                          | 3,311,541       |                   | 2,206,254         | 1,054,921  | 50,866       |         |
| 258   |                                   |  |                 |                   |                   |            |              |         |
| 259   |                                   | TOTAL RESERVE FOR DEPRECIATION               | 179,617,428     |                   | 122,144,555       | 54,789,257 | 2,683,617    |         |

| Almos Energy Corporation, Kentucky/Mid-States Division   |   |              |          |                        |              |              |             |
|--|---|--------------|----------|------------------------|--------------|--------------|-------------|
| Class Cost of Service - Customer/Demand Study            |   |              |          |                        |              |              |             |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |              |          |                        |              |              |             |
| CLASSIFICATION OF OTHER RATE BASE                        |   |              |          |                        |              |              |             |
|  |   | Test Year    | Classif. | Classif.               | Customer     | Demand       | Commodity   |
|  |   | \$           | Factor   | Basis                  | \$           | \$           | \$          |
| 1  | Rate Base Additions:                        |              |          |                        |              |              |             |
| 2  |   |              |          |                        |              |              |             |
| 3  | Materials and Supplies - KY Direct          | (735,803)    | 9.1      | Allocated O&M Expenses | (133,392)    | (43,845)     | (558,566)   |
| 4  | Materials and Supplies - KY Mid-States GO   | 1,208,937    | 9.1      | Allocated O&M Expenses | 218,803      | 71,919       | 916,216     |
| 5  | Materials and Supplies - Shared Services GO | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -           |
| 6  | Materials and Supplies - Shared Services CS | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -           |
| 7  | Gas Storage Inventory                       | 6,229,573    | 3.0      | Commodity              | -            | -            | 6,229,573   |
| 8  | Prepayments - KY Direct                     | 198,051      | 9.1      | Allocated O&M Expenses | 35,904       | 11,801       | 150,345     |
| 9  | Prepayments - KY Mid-States GO              | 1,577        | 9.1      | Allocated O&M Expenses | 286          | 94           | 1,197       |
| 10   | Prepayments - Shared Services GO            | 1,354,285    | 9.1      | Allocated O&M Expenses | 245,515      | 80,699       | 1,028,071   |
| 11   | Prepayments - Shared Services CS            | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -           |
| 12   | Cash Working Capital                        | 3,184,324    | 9.1      | Allocated O&M Expenses | 577,278      | 189,747      | 2,417,299   |
| 13   | Regulatory Assets                           | 368,199      | 9.1      | Allocated O&M Expenses | 66,750       | 21,940       | 279,509     |
| 14   |   |              |          |                        |              |              |             |
| 15   | Total Rate Base Additions                   | 11,807,144   |          |                        | 1,011,144    | 332,355      | 10,463,645  |
| 16   |   |              |          |                        |              |              |             |
| 17   |   |              |          |                        |              |              |             |
| 18   | Rate Base Deductions:                       |              |          |                        |              |              |             |
| 19   |   |              |          |                        |              |              |             |
| 20   | Customer Advances - KY Direct               | (1,767,642)  | 1.0      | Customer               | (1,767,642)  | -            | -           |
| 21   | Customer Advances - KY Mid-States GO        | 0            | 1.0      | Customer               | -            | -            | -           |
| 22   | Customer Advances - Shared Services GO      | 0            | 1.0      | Customer               | -            | -            | -           |
| 23   | Customer Advances - Shared Services CS      | 0            | 1.0      | Customer               | -            | -            | -           |
| 24   | ADIT - KY Direct                            | (79,366,383) | 5.7      | Net Plant              | (52,369,214) | (25,759,156) | (1,238,012) |
| 25   | ADIT - KY Mid-States GO                     | (139,007)    | 5.7      | Net Plant              | (91,722)     | (45,116)     | (2,168)     |
| 26   | ADIT - Shared Services GO                   | 25,085,748   | 5.7      | Net Plant              | 16,552,612   | 8,141,831    | 391,305     |
| 27   | ADIT - Shared Services CS                   | (1,688,954)  | 5.7      | Net Plant              | (1,114,442)  | (548,167)    | (26,345)    |
| 28   | Change in Net Operating Loss Carryforward   | (5,811,617)  | 5.7      | Net Plant              | (3,834,744)  | (1,886,219)  | (90,654)    |
| 29   |   |              |          |                        |              |              |             |
| 30   | Total Rate Base Deductions                  | (63,687,855) |          |                        | (42,625,154) | (20,096,827) | (965,875)   |
| 31   |   |              |          |                        |              |              |             |
| 32   |   |              |          |                        |              |              |             |
| 33   | TOTAL OTHER RB                              | (51,880,711) |          |                        | (41,614,010) | (19,764,471) | 9,497,770   |
| 34   |   |              |          |                        |              |              |             |
| 35   | Interest on Customer Deposits               | 0            | 1.0      | Customer               | -            | -            | -           |



| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |              |                 |   |             |           |              |
|--|-----------|--------------|-----------------|---|-------------|-----------|--------------|
| Class Cost of Service - Customer/Demand Study            |           |              |                 |   |             |           |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |              |                 |   |             |           |              |
| CLASSIFICATION OF O&M EXPENSE                            |           |              |                 |   |             |           |              |
| Line No.   | Acct. No. | Test Year \$ | Classif. Factor | Classif. Basis  | Customer \$ | Demand \$ | Commodity \$ |
| 94   |           |              |                 |   |             |           |              |
| 95   |           |              |                 |   |             |           |              |
| 96   |           |              |                 |   |             |           |              |
| 97   | 8700      | 1,065,940    | 10.0            | Composite of Accts. 871-879 & 886-893                 | 745,695     | 318,327   | 2,318        |
| 98   | 8710      | 1,775        | 3.0             | Commodity   | -           | -         | 1,775        |
| 99   | 8711      | 8,754        | 3.0             | Commodity   | -           | -         | 9,754        |
| 100  | 8720      | 0            | 3.0             | Commodity   | -           | -         | -            |
| 101  | 8740      | 3,853,350    | 4.1             | Mains & Services                                      | 2,372,879   | 1,280,470 | -            |
| 102  | 8750      | 393,958      | 12.0            | Composite of Accts. 374-379                           | 195,881     | 197,907   | -            |
| 103  | 8760      | 32,636       | 1.0             | Customer  | -           | -         | -            |
| 104  | 8770      | 114,995      | 12.0            | Composite of Accts. 374-379                           | 57,173      | 57,823    | -            |
| 105  | 8780      | 884,900      | 1.0             | Customer  | 884,900     | -         | -            |
| 106  | 8790      | 689          | 1.0             | Customer  | 689         | -         | -            |
| 107  | 8800      | 207,678      | 10.0            | Composite of Accts. 871-879 & 886-893                 | 145,230     | 61,997    | 451          |
| 108  | 8810      | 404,667      | 10.0            | Composite of Accts. 871-879 & 886-893                 | 282,985     | 120,892   | 890          |
| 109  | 8850      | 2,200        | 10.0            | Composite of Accts. 871-879 & 886-893                 | 1,538       | 667       | 5            |
| 110  | 8860      | 21,234       | 12.0            | Composite of Accts. 374-379                           | 10,557      | 10,677    | -            |
| 111  | 8890      | 42,536       | 12.0            | Composite of Accts. 374-379                           | 21,140      | 21,399    | -            |
| 112  | 8900      | 0            | 3.0             | Commodity   | -           | -         | -            |
| 113  | 8920      | 6,135        | 12.0            | Composite of Accts. 374-379                           | 3,050       | 3,085     | -            |
| 114  | 8930      | 9,733        | 1.0             | Customer  | 9,733       | -         | -            |
| 115  | 8940      | 23,766       | 12.0            | Composite of Accts. 374-379                           | 11,830      | 11,965    | -            |
| 116  | 8950      | 3,522        | 1.0             | Customer  | 3,522       | -         | -            |
| 117  | 8960      | 105,292      | 1.0             | Customer  | 105,292     | -         | -            |
| 118  | 8970      | 69,008       | 10.0            | Composite of Accts. 871-879 & 886-893                 | 48,258      | 20,601    | 150          |
| 119  |           | 7,053,731    |                 |   | 4,832,698   | 2,105,699 | 15,334       |
| 120  |           |              |                 |   |             |           |              |
| 121  | 9010      | 0            | 1.0             | Customer  | -           | -         | -            |
| 122  | 9020      | 1,130,015    | 1.0             | Customer  | 1,130,015   | -         | -            |
| 123  | 9030      | 377,024      | 1.0             | Customer  | 377,024     | -         | -            |
| 124  | 9040      | 313,426      | 1.0             | Customer  | 313,426     | -         | -            |
| 125  | 9050      | 0            | 1.0             | Customer  | -           | -         | -            |
| 126  |           | 1,820,465    |                 |   | 1,820,465   | 0         | 0            |
| 127  |           |              |                 |   |             |           |              |
| 128  |           |              |                 |   |             |           |              |
| 129  | 9070      | 0            | 1.0             | Customer  | -           | -         | -            |
| 130  | 9080      | 0            | 1.0             | Customer  | -           | -         | -            |
| 131  | 9090      | 122,978      | 1.0             | Customer  | 122,978     | -         | -            |
| 132  | 9100      | 179          | 1.0             | Customer  | 179         | -         | -            |
| 133  |           | 123,157      |                 |   | 123,157     | 0         | 0            |
| 134  |           |              |                 |   |             |           |              |
| 135  |           |              |                 |   |             |           |              |
| 136  | 9110      | 252,261      | 1.0             | Customer  | 252,261     | -         | -            |
| 137  | 9120      | 54,618       | 1.0             | Customer  | 54,618      | -         | -            |
| 138  | 9130      | 22,474       | 1.0             | Customer  | 22,474      | -         | -            |
| 139  | 9160      | (45,796)     | 1.0             | Customer  | (45,796)    | -         | -            |
| 140  |           | 283,557      |                 |   | 283,557     | 0         | 0            |
| 141  |           |              |                 |   |             |           |              |
| 142  |           |              |                 |   |             |           |              |
| 143  |           |              |                 |   |             |           |              |
| 144  | 9200      | (1,387,179)  | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (1,055,304) | (329,456) | (2,416)      |
| 145  | 9210      | 6,848        | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 5,210       | 1,627     | 12           |
| 146  | 9220      | 14,025,277   | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 10,669,833  | 3,331,017 | 24,427       |
| 147  | 9230      | 186,924      | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 142,204     | 44,395    | 326          |
| 148  | 9240      | 8,157        | 6.7             | Net Plant   | 5,363       | 2,648     | 127          |
| 149  | 9250      | 214,469      | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 163,159     | 50,937    | 374          |
| 150  | 9260      | 2,187,659    | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 1,664,232   | 519,557   | 3,810        |
| 151  | 9270      | 83           | 1.0             | Customer  | 83          | -         | -            |
| 152  | 9280      | 278,594      | 1.0             | Customer  | 278,594     | -         | -            |
| 153  | 930.1     | 0            | 1.0             | Customer  | -           | -         | -            |
| 154  | 930.2     | (23,870)     | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (18,007)    | (5,822)   | (41)         |
| 155  | 9310      | (10,350)     | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (7,874)     | (2,498)   | (18)         |
| 156  |           |              |                 |   |             |           |              |
| 157  |           |              |                 |   |             |           |              |
| 158  | 9320      | 1,459        | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 1,109       | 346       | 3            |
| 159  |           | 15,488,214   |                 |   | 11,848,621  | 3,612,961 | 26,602       |
| 160  |           |              |                 |   |             |           |              |
| 161  |           | 104,852,766  |                 |   | 19,008,499  | 6,247,947 | 79,696,320   |





Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

CLASSIFICATION OF DEPRECIATION EXPENSE

| Line No. | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$ | Commodity \$ |
|----------|-----------|--|--------------|-----------------|-------------------|-------------|-----------|--------------|
| 173      |           |  |              |                 |                   |             |           |              |
| 174      |           | Shared Services General Office:              |              |                 |                   |             |           |              |
| 175      |           | General:                                     |              |                 |                   |             |           |              |
| 176      |           |  |              |                 |                   |             |           |              |
| 177      |           |  |              |                 |                   |             |           |              |
| 178      | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 179      | 39000     | Structures & Improvements                    | 7,963        | 5.4             | P, S, T & D Plant | 5,305       | 2,636     | 123          |
| 180      | 36602     | Structures & Improvements                    | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 181      | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 182      | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 183      | 39009     | Improvement to leased Premises               | 16,532       | 5.4             | P, S, T & D Plant | 11,014      | 5,283     | 254          |
| 184      | 39100     | Office Furniture & Equipment                 | 23,439       | 5.4             | P, S, T & D Plant | 15,616      | 7,462     | 361          |
| 185      | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 186      | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 187      | 39200     | Transportation Equipment                     | 36           | 5.4             | P, S, T & D Plant | 25          | 12        | 1            |
| 188      | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 189      | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 190      | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 191      | 39400     | Tools, Shop & Garage Equipment               | 7,193        | 5.4             | P, S, T & D Plant | 4,792       | 2,290     | 111          |
| 192      | 39500     | Laboratory Equipment                         | 125          | 5.4             | P, S, T & D Plant | 83          | 40        | 2            |
| 193      | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 194      | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 195      | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 196      | 39700     | Communication Equipment                      | 7,842        | 5.4             | P, S, T & D Plant | 5,224       | 2,497     | 121          |
| 197      | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 198      | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 199      | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 200      | 39800     | Miscellaneous Equipment                      | 1,534        | 5.4             | P, S, T & D Plant | 1,022       | 489       | 24           |
| 201      | 39900     | Other Tangible Property                      | 1,154        | 5.4             | P, S, T & D Plant | 769         | 367       | 18           |
| 202      | 39901     | Other Tangible Property - Servers - H/W      | 156,799      | 5.4             | P, S, T & D Plant | 104,465     | 49,921    | 2,413        |
| 203      | 39902     | Other Tangible Property - Servers - S/W      | 90,772       | 5.4             | P, S, T & D Plant | 60,475      | 28,900    | 1,397        |
| 204      | 39903     | Other Tangible Property - Network - H/W      | 12,500       | 5.4             | P, S, T & D Plant | 8,328       | 3,990     | 192          |
| 205      | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 206      | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 207      | 39906     | Other Tang. Property - PC Hardware           | 12,679       | 5.4             | P, S, T & D Plant | 8,447       | 4,037     | 195          |
| 208      | 39907     | Other Tang. Property - PC Software           | 2,392        | 5.4             | P, S, T & D Plant | 1,594       | 762       | 37           |
| 209      | 39908     | Other Tang. Property - Mainframe S/W         | 421,498      | 5.4             | P, S, T & D Plant | 280,815     | 134,196   | 6,487        |
| 210      | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 211      | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 212      |           |  |              |                 |                   |             |           |              |
| 213      |           |  |              |                 |                   |             |           |              |
| 214      |           | Total General Plant                          | 762,460      |                 |                   | 607,975     | 242,750   | 11,735       |
| 215      |           |  |              |                 |                   |             |           |              |
| 216      |           | Shared Services Customer Support:            |              |                 |                   |             |           |              |
| 217      |           | General:                                     |              |                 |                   |             |           |              |
| 218      |           |  |              |                 |                   |             |           |              |
| 219      |           |  |              |                 |                   |             |           |              |
| 220      | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 221      | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 222      | 36602     | Structures & Improvements                    | 25,216       | 5.4             | P, S, T & D Plant | 16,800      | 8,028     | 388          |
| 223      | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 224      | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 225      | 39009     | Improvement to leased Premises               | 7,980        | 5.4             | P, S, T & D Plant | 5,317       | 2,541     | 123          |
| 226      | 39100     | Office Furniture & Equipment                 | 5,195        | 5.4             | P, S, T & D Plant | 3,461       | 1,654     | 80           |
| 227      | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 228      | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 229      | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 230      | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 231      | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 232      | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 233      | 39400     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 234      | 39600     | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 235      | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 236      | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 237      | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 238      | 39700     | Communication Equipment                      | 6,731        | 5.4             | P, S, T & D Plant | 4,485       | 2,143     | 104          |
| 239      | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 240      | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 241      | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 242      | 39800     | Miscellaneous Equipment                      | 186          | 5.4             | P, S, T & D Plant | 124         | 59        | 3            |
| 243      | 39900     | Other Tangible Property                      | 4,824        | 5.4             | P, S, T & D Plant | 3,214       | 1,536     | 74           |
| 244      | 39901     | Other Tangible Property - Servers - H/W      | 44,486       | 5.4             | P, S, T & D Plant | 29,638      | 14,163    | 685          |
| 245      | 39902     | Other Tangible Property - Servers - S/W      | 9,370        | 5.4             | P, S, T & D Plant | 6,243       | 2,983     | 144          |
| 246      | 39903     | Other Tangible Property - Network - H/W      | 2,533        | 5.4             | P, S, T & D Plant | 1,688       | 806       | 39           |
| 247      | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 248      | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 249      | 39906     | Other Tang. Property - PC Hardware           | 6,301        | 5.4             | P, S, T & D Plant | 4,198       | 2,006     | 97           |
| 250      | 39907     | Other Tang. Property - PC Software           | 780          | 5.4             | P, S, T & D Plant | 520         | 248       | 12           |
| 251      | 39908     | Other Tang. Property - Mainframe S/W         | 419,883      | 5.4             | P, S, T & D Plant | 279,740     | 133,681   | 6,462        |
| 252      | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 253      | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 254      |           |  |              |                 |                   |             |           |              |
| 255      |           |  |              |                 |                   |             |           |              |
| 256      |           | Total General Plant                          | 533,485      |                 |                   | 355,425     | 169,850   | 8,211        |
| 257      |           |  |              |                 |                   |             |           |              |
| 258      |           | TOTAL DEPRECIATION EXPENSE                   | 19,444,466   |                 |                   | 14,582,495  | 4,877,504 | 184,667      |

Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

CLASSIFICATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX

|   | Test Year<br>\$ | Classif.<br>Factor | Classif.<br>Basis      | Customer<br>\$ | Demand<br>\$ | Commodity<br>\$ |
|---|-----------------|--------------------|------------------------|----------------|--------------|-----------------|
| 1 Taxes Other Than Income               |                 |                    |                        |                |              |                 |
| 2                                       |                 |                    |                        |                |              |                 |
| 3 Non Revenue Related:                  |                 |                    |                        |                |              |                 |
| 4 Payroll Related                       | 735,895         | 9.1                | Allocated O&M Expenses | 133,409        | 43,850       | 558,636         |
| 5 Property Related                      | 4,983,380       | 5.4                | P, S, T & D Plant      | 3,320,073      | 1,586,591    | 76,696          |
| 6 DOT Transmission User Tax             | 63,870          | 9.1                | Allocated O&M Expenses | 11,579         | 3,808        | 48,485          |
| 7 Other                                 | 0               | 9.1                | Allocated O&M Expenses | -              | -            | -               |
| 8 Total Non Revenue Related:            | 5,783,125       |                    |                        | 3,465,060      | 1,634,247    | 683,817         |
| 9                                       |                 |                    |                        |                |              |                 |
| 10 Revenue Related:                     |                 |                    |                        |                |              |                 |
| 11 State Gross Receipts - Tax           | 0               | 99.0               | -                      | -              | -            | -               |
| 12 Local Gross Receipts - Tax           | 0               | 99.0               | -                      | -              | -            | -               |
| 13 Public Service Commission Assessment | 317,098         | 3.0                | Commodity              | -              | -            | 317,098         |
| 14 Total Revenue Related:               | 317,098         |                    |                        | 0              | 0            | 317,098         |
| 15                                      |                 |                    |                        |                |              |                 |
| 16 Total Taxes, Other Than Income       | 6,100,220       |                    |                        | 3,465,060      | 1,634,247    | 1,000,912       |
| 17                                      |                 |                    |                        |                |              |                 |
| 18                                      |                 |                    |                        |                |              |                 |
| 19 Interest Expense                     | 7,757,734       | 13.0               | Rate Base              | 4,948,372      | 2,450,258    | 359,103         |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |                             |             |          |          |             |             |            |
|--|-----------------------------|-------------|----------|----------|-------------|-------------|------------|
| Class Cost of Service - Customer/Demand Study            |                             |             |          |          |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                             |             |          |          |             |             |            |
| SUMMARY OF CLASSIFICATION                                |                             |             |          |          |             |             |            |
|  |                             | Test Year   | Classif. | Classif. | Customer    | Demand      | Commodity  |
|  |                             | \$          | Factor   | Basis    | \$          | \$          | \$         |
| 7  | Operating Revenues          | 166,804,655 |          |          | 60,278,867  | 24,058,611  | 82,467,178 |
| 9  | Operating Expenses:         |             |          |          |             |             |            |
| 11   | Operating & Maintenance     | 104,852,766 |          |          | 19,008,499  | 6,247,947   | 79,596,320 |
| 12   | Depreciation & Amortization | 19,444,466  |          |          | 14,582,495  | 4,677,304   | 184,667    |
| 13   | Taxes Other Than Income     | 6,100,220   |          |          | 3,465,060   | 1,634,247   | 1,000,912  |
| 15   | Total Operating Expenses    | 130,397,452 |          |          | 37,056,054  | 12,559,499  | 80,781,900 |
| 17   | Income Before Taxes         | 36,407,203  |          |          | 23,222,813  | 11,499,112  | 1,685,279  |
| 19   | Interest Expense            | 7,757,734   |          |          | 4,948,372   | 2,450,258   | 359,103    |
| 21   | Income Taxes:               |             |          |          |             |             |            |
| 23   | State Income Taxes          | 1,718,968   | 6.00%    |          | 1,096,466   | 542,931     | 79,571     |
| 24   | Federal Income Taxes        | 9,425,675   | 35.00%   |          | 6,012,291   | 2,977,073   | 436,312    |
| 25   | Total Deferred Income Taxes | 0           |          |          | 0           | 0           | 0          |
| 26   | Amortization of ITC         | 0           |          |          | 0           | 0           | 0          |
| 28   | Total Income Taxes          | 11,144,644  |          |          | 7,108,757   | 3,520,004   | 515,882    |
| 30   | Net Income                  | 25,262,560  |          |          | 16,114,055  | 7,979,108   | 1,169,396  |
| 32   | Total Rate Base             | 335,832,639 |          |          | 214,215,257 | 106,071,789 | 15,545,593 |
| 34   | Rate of Return              | 7.5224%     |          |          | 7.5224%     | 7.5224%     | 7.5224%    |

Alamos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF PLANT IN SERVICE

| Line No. | Acct. No. | Customer                           | Allocation Factor | Allocation Basis             | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-----------|------------------------------------|-------------------|------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 1        |           | Intangible Plant:                  |                   |                              |               |                   |                    |                             |                |                         |
| 2        |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 3        | 30100     | Organization                       | 6.2               | P, S, T & D Plant - Customer | 5,550         | 4,408             | 1,090              | 3                           | 31             | 18                      |
| 4        | 30200     | Franchises & Consents              | 6.2               | P, S, T & D Plant - Customer | 79,850        | 63,418            | 15,683             | 41                          | 449            | 259                     |
| 5        | 30300     | Misc Intangible Plant              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 6        |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 7        |           | Total Intangible Plant:            |                   |                              | 85,399        | 67,825            | 16,773             | 44                          | 480            | 276                     |
| 8        |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 9        |           | Production Plant:                  |                   |                              |               |                   |                    |                             |                |                         |
| 10       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 11       | 32520     | Producing Leaseholds               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 12       | 32540     | Rights of Way                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 13       | 33100     | Production Gas Wells Equipment     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 14       | 33201     | Field Lines                        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 15       | 33202     | Tributary Lines                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 16       | 33400     | Field Meas. & Reg. Sta. Equip      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 17       | 33500     | Purification Equipment             | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 18       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 19       |           | Total Production Plant             |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 20       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 21       |           | Storage Plant:                     |                   |                              |               |                   |                    |                             |                |                         |
| 22       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 23       | 35010     | Land                               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 24       | 35020     | Rights of Way                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 25       | 35100     | Structures and Improvements        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 26       | 35102     | Compressor Station Equipment       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 27       | 35103     | Meas. & Reg. Sta. Structures       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 28       | 35104     | Other Structures                   | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 29       | 35200     | Wells & Rights of Way              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 30       | 35201     | Well Construction                  | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 31       | 35202     | Well Equipment                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 32       | 35203     | Custion Gas                        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 33       | 35210     | Leaseholds                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 34       | 35211     | Storage Rights                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 35       | 35301     | Field Lines                        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 36       | 35302     | Tributary Lines                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 37       | 35400     | Compressor Station Equipment       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 38       | 35500     | Meas. & Reg. Equipment             | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 39       | 35600     | Purification Equipment             | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 40       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 41       |           | Total Storage Plant                |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 42       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 43       |           | Transmission:                      |                   |                              |               |                   |                    |                             |                |                         |
| 44       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 45       | 36510     | Land & Land Rights                 | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 46       | 36520     | Rights of Way                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 47       | 36602     | Structures & Improvements          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 48       | 36603     | Other Structures                   | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 49       | 36700     | Mains Cathodic Protection          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 50       | 36701     | Mains - Steel                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 51       | 36800     | Meas. & Reg. Equipment             | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 52       | 36901     | Meas. & Reg. Equipment             | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 53       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 54       |           | Total Transmission Plant           |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 55       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 56       |           | Distribution:                      |                   |                              |               |                   |                    |                             |                |                         |
| 57       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 58       | 37400     | Land & Land Rights                 | 2.0               | Bills                        | 264,052       | 235,055           | 28,708             | 17                          | 185            | 197                     |
| 59       | 37401     | Land                               | 2.0               | Bills                        | 18,558        | 18,519            | 2,017              | 1                           | 13             | 8                       |
| 60       | 37402     | Land Rights                        | 2.0               | Bills                        | 750,200       | 667,770           | 81,552             | 49                          | 525            | 304                     |
| 61       | 37403     | Land Other                         | 2.0               | Bills                        | 1,384         | 1,232             | 150                | 0                           | 1              | 1                       |
| 62       | 37500     | Structures & Improvements          | 2.0               | Bills                        | 187,133       | 148,769           | 19,169             | 11                          | 117            | 68                      |
| 63       | 37501     | Structures & Improvements T.B.     | 2.0               | Bills                        | 49,627        | 44,174            | 5,395              | 3                           | 35             | 20                      |
| 64       | 37502     | Land Rights                        | 2.0               | Bills                        | 23,001        | 20,474            | 2,500              | 1                           | 16             | 9                       |
| 65       | 37503     | Improvements                       | 2.0               | Bills                        | 1,091         | 1,772             | 216                | 0                           | 1              | 1                       |
| 66       | 37600     | Mains Cathodic Protection          | 2.0               | Bills                        | 9,947,460     | 6,854,453         | 1,081,361          | 647                         | 6,974          | 4,026                   |
| 67       | 37601     | Mains - Steel                      | 2.0               | Bills                        | 55,991,218    | 49,723,298        | 6,672,517          | 3,635                       | 39,162         | 22,605                  |
| 68       | 37602     | Mains - Plastic                    | 2.0               | Bills                        | 48,306,912    | 42,999,044        | 5,251,309          | 3,143                       | 33,866         | 19,549                  |
| 69       | 37603     | Meas & Reg. Sta. Equip - General   | 2.0               | Bills                        | 3,710,333     | 3,302,638         | 403,339            | 241                         | 2,801          | 1,501                   |
| 70       | 37604     | Meas & Reg. Sta. Equip - City Gate | 2.0               | Bills                        | 1,587,027     | 1,394,845         | 170,347            | 102                         | 1,059          | 634                     |
| 71       | 37605     | Meas & Reg. Sta. Equipment T.B.    | 2.0               | Bills                        | 692,670       | 616,808           | 75,331             | 46                          | 486            | 280                     |
| 72       | 38000     | Services                           | 2.0               | Bills                        | 118,202,045   | 105,214,238       | 12,849,414         | 7,692                       | 82,867         | 47,834                  |
| 73       | 38100     | Meters                             | 4.0               | Meter Investment             | 34,690,273    | 20,730,810        | 12,918,097         | 57,288                      | 624,957        | 359,350                 |
| 74       | 38200     | Meter Installations                | 4.0               | Meter Investment             | 51,632,550    | 30,855,170        | 19,227,063         | 85,266                      | 930,179        | 534,852                 |
| 75       | 38300     | House Regulators                   | 4.0               | Meter Investment             | 8,425,356     | 5,034,501         | 3,137,459          | 13,914                      | 151,786        | 87,277                  |
| 76       | 38400     | House Reg. Installations           | 4.0               | Meter Investment             | 154,276       | 92,194            | 57,450             | 255                         | 2,779          | 1,598                   |
| 77       | 38500     | Ind. Meas. & Reg. Sta. Equipment   | 2.2               | Non-Residential Bills        | 5,433,873     | -                 | 5,375,972          | 3,218                       | 34,670         | 20,013                  |
| 78       | 38600     | Other Prop. On Cust. Prem          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 79       |           |                                    |                   |                              |               |                   |                    |                             |                |                         |
| 80       |           | Total Distribution Plant           |                   |                              | 339,900,256   | 269,954,013       | 66,758,356         | 176,529                     | 1,912,320      | 1,100,637               |

| Abros Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Customer Demand Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |                                  |             |             |            |         |           |
|---|---|----------------------------------|-------------|-------------|------------|---------|-----------|
| ALLOCATION OF PLANT IN SERVICE  |   |                                  |             |             |            |         |           |
| 81  | General:  |                                  |             |             |            |         |           |
| 82  |   |                                  |             |             |            |         |           |
| 83  |   |                                  |             |             |            |         |           |
| 84  | 38800 Land & Land Rights                              | 6.2 P, S, T & D Plant - Customer | 684,453     | 543,603     | 134,431    | 353     | 2,215     |
| 85  | 39000 Structures & Improvements                       | 6.2 P, S, T & D Plant - Customer | 3,488,013   | 2,770,234   | 686,066    | 1,891   | 19,624    |
| 86  | 39001 Structures Frame                                | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 87  | 39002 Structures/Bulk                                 | 6.2 P, S, T & D Plant - Customer | 115,335     | 91,601      | 22,652     | 60      | 373       |
| 88  | 39003 Improvements                                    | 6.2 P, S, T & D Plant - Customer | 472,491     | 375,260     | 92,800     | 244     | 1,520     |
| 89  | 39004 Air Conditioning Equipment                      | 6.2 P, S, T & D Plant - Customer | 4,971       | 3,948       | 976        | 3       | 16        |
| 90  | 39005 Improvement to leased Premises                  | 6.2 P, S, T & D Plant - Customer | 830,254     | 658,401     | 183,067    | 429     | 2,687     |
| 91  | 39100 Office Furniture & Equipment                    | 6.2 P, S, T & D Plant - Customer | 1,294,815   | 1,028,350   | 254,309    | 689     | 4,190     |
| 92  | 39102 Remittance Processing Equip.                    | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 93  | 39103 Office Machines                                 | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 94  | 39200 Transportation Equipment                        | 6.2 P, S, T & D Plant - Customer | 241,780     | 192,025     | 47,497     | 125     | 782       |
| 95  | 39201 Trucks  | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 96  | 39202 Trailers  | 6.2 P, S, T & D Plant - Customer | 22,114      | 17,593      | 4,343      | 11      | 72        |
| 97  | 39300 Stores Equipment                                | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 98  | 39400 Tools, Shop & Garage Equipment                  | 6.2 P, S, T & D Plant - Customer | 1,768,358   | 1,404,457   | 347,316    | 913     | 5,723     |
| 99  | 39500 Power Operated Equipment                        | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 100   | 39603 Ditchers  | 6.2 P, S, T & D Plant - Customer | 31,515      | 25,029      | 6,190      | 16      | 102       |
| 101   | 39604 Backhoes  | 6.2 P, S, T & D Plant - Customer | 41,804      | 33,202      | 8,211      | 22      | 135       |
| 102   | 39605 Welders   | 6.2 P, S, T & D Plant - Customer | 22,143      | 17,886      | 4,349      | 11      | 72        |
| 103   | 39700 Communication Equipment                         | 6.2 P, S, T & D Plant - Customer | 239,491     | 213,239     | 52,733     | 139     | 869       |
| 104   | 39701 Communication Equipment - Mobile Radios         | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 105   | 39702 Communication Equipment - Fixed Radios          | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 106   | 39705 Communication Equip. - Telemetry                | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 107   | 39800 Miscellaneous Equipment                         | 6.2 P, S, T & D Plant - Customer | 2,857,237   | 2,269,261   | 561,176    | 1,476   | 9,247     |
| 108   | 39900 Other Tangible Property                         | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 109   | 39901 Other Tangible Property - Servers - HW          | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 110   | 39902 Other Tangible Property - Servers - SW          | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 111   | 39903 Other Tangible Property - Network - HW          | 6.2 P, S, T & D Plant - Customer | 63,098      | 50,114      | 12,393     | 33      | 204       |
| 112   | 39904 Other Tangible Property - CPU                   | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 113   | 39905 Other Tangible Property - MF - Hardware         | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 114   | 39908 Other Tang. Property - PC Hardware              | 6.2 P, S, T & D Plant - Customer | 1,097,093   | 871,328     | 215,475    | 567     | 3,551     |
| 115   | 39907 Other Tang. Property - PC Software              | 6.2 P, S, T & D Plant - Customer | 9,162       | 7,276       | 1,799      | 5       | 30        |
| 116   | 39908 Other Tang. Property - Mainframe SW             | 6.2 P, S, T & D Plant - Customer | 82,290      | 65,356      | 16,162     | 42      | 286       |
| 117   | 39909 Other Tang. Property - Application Software     | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 118   | 39924 Other Tang. Property - General Startup Costs    | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 119   |   |                                  |             |             |            |         |           |
| 120   | Total General Plant                                   |                                  | 13,395,413  | 10,638,643  | 2,630,936  | 6,918   | 43,352    |
| 121   |   |                                  |             |             |            |         |           |
| 122   | TOTAL DIRECT PLANT                                    |                                  | 363,381,068 | 280,860,692 | 69,406,065 | 182,491 | 1,988,165 |
| 123   |   |                                  |             |             |            |         |           |
| 124   | OWP w/o AFUDC   | 6.2 P, S, T & D Plant - Customer | 9,409,208   | 7,472,936   | 1,848,022  | 4,859   | 52,937    |
| 125   |   |                                  |             |             |            |         |           |
| 126   | Kentucky Mid-States General Office:                   |                                  |             |             |            |         |           |
| 127   |   |                                  |             |             |            |         |           |
| 128   | Intangible Plant:                                     |                                  |             |             |            |         |           |
| 129   |   |                                  |             |             |            |         |           |
| 130   | 30100 Organization                                    | 6.2 P, S, T & D Plant - Customer | 60,697      | 48,135      | 11,903     | 31      | 196       |
| 131   | 30200 Franchises & Consents                           | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 132   | 30300 Misc Intangible Plant                           | 6.2 P, S, T & D Plant - Customer | 362,866     | 288,209     | 71,273     | 187     | 1,174     |
| 133   |   |                                  |             |             |            |         |           |
| 134   | Total Intangible Plant                                |                                  | 423,492     | 336,344     | 83,176     | 219     | 1,371     |
| 135   |   |                                  |             |             |            |         |           |
| 136   | General:  |                                  |             |             |            |         |           |
| 137   |   |                                  |             |             |            |         |           |
| 138   | 37400 Land & Land Rights                              | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 139   | 39001 Structures & Improvements                       | 6.2 P, S, T & D Plant - Customer | 58,654      | 46,584      | 11,520     | 30      | 190       |
| 140   | 39000 Land & Land Rights                              | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 141   | 39001 Structures Frame                                | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 142   | 39004 Air Conditioning Equipment                      | 6.2 P, S, T & D Plant - Customer | 1,887       | 1,499       | 371        | 1       | 6         |
| 143   | 39005 Improvement to leased Premises                  | 6.2 P, S, T & D Plant - Customer | 50,438      | 40,059      | 9,906      | 26      | 163       |
| 144   | 39100 Office Furniture & Equipment                    | 6.2 P, S, T & D Plant - Customer | 13,950      | 11,079      | 2,740      | 7       | 45        |
| 145   | 39102 Remittance Processing Equip                     | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 146   | 39103 Office Machines                                 | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 147   | 39200 Transportation Equipment                        | 6.2 P, S, T & D Plant - Customer | 1,344       | 1,068       | 284        | 1       | 4         |
| 148   | 39201 Trucks  | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 149   | 39202 Trailers  | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 150   | 39300 Stores Equipment                                | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 151   | 39400 Tools, Shop & Garage Equipment                  | 6.2 P, S, T & D Plant - Customer | 53,542      | 42,624      | 10,516     | 28      | 173       |
| 152   | 39500 Power Operated Equipment                        | 6.2 P, S, T & D Plant - Customer | 3,610       | 2,867       | 709        | 2       | 12        |
| 153   | 39603 Ditchers  | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 154   | 39604 Backhoes  | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 155   | 39605 Welders   | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 156   | 39700 Communication Equipment                         | 6.2 P, S, T & D Plant - Customer | 73,789      | 58,604      | 14,492     | 38      | 239       |
| 157   | 39701 Communication Equipment - Mobile Radios         | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 158   | 39702 Communication Equipment - Fixed Radios          | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 159   | 39705 Communication Equip. - Telemetry                | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 160   | 39800 Miscellaneous Equipment                         | 6.2 P, S, T & D Plant - Customer | 288,539     | 229,182     | 56,671     | 149     | 934       |
| 161   | 39900 Other Tangible Property                         | 6.2 P, S, T & D Plant - Customer | 25,181      | 19,999      | 4,948      | 13      | 81        |
| 162   | 39901 Other Tangible Property - Servers - HW          | 6.2 P, S, T & D Plant - Customer | 112,571     | 89,405      | 22,110     | 58      | 364       |
| 163   | 39902 Other Tangible Property - Servers - SW          | 6.2 P, S, T & D Plant - Customer | 2,706       | 2,149       | 531        | 1       | 9         |
| 164   | 39903 Other Tangible Property - Network - HW          | 6.2 P, S, T & D Plant - Customer | 68,472      | 54,381      | 13,448     | 35      | 222       |
| 165   | 39904 Other Tangible Property - CPU                   | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 166   | 39905 Other Tangible Property - MF - Hardware         | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 167   | 39906 Other Tangible Property - PC Hardware           | 6.2 P, S, T & D Plant - Customer | 106,320     | 84,441      | 26,882     | 65      | 344       |
| 168   | 39907 Other Tangible Property - PC Software           | 6.2 P, S, T & D Plant - Customer | 24,499      | 19,450      | 4,810      | 13      | 79        |
| 169   | 39908 Other Tangible Property - Mainframe SW          | 6.2 P, S, T & D Plant - Customer | 293,851     | 233,381     | 57,714     | 152     | 951       |
| 170   | 39909 Other Tangible Property - Application Software  | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 171   | 39924 Other Tangible Property - General Startup Costs | 6.2 P, S, T & D Plant - Customer | 0           | 0           | 0          | 0       | 0         |
| 172   |   |                                  |             |             |            |         |           |
| 173   | Total General Plant                                   |                                  | 1,179,341   | 936,651     | 231,629    | 609     | 3,817     |
| 174   |   |                                  |             |             |            |         |           |
| 175   | OWP w/o AFUDC   | 6.2 P, S, T & D Plant - Customer | (57,069)    | (45,328)    | (11,209)   | (29)    | (185)     |



| Almos Energy Corporation, Kentucky/Mid-States Division   |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
|--|-----------|--------------------------------------|-------------------|----------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| ALLOCATION OF PLANT IN SERVICE                           |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Demand                               | Allocation Factor | Allocation Basis           | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 266  |           | Intangible Plant:                    |                   |                            |               |                   |                    |                             |                |                         |
| 267  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 268  | 30100     | Organization                         | 6.4               | P, S, T & D Plant - Demand | 2,652         | 1,432             | 769                | -                           | 421            | -                       |
| 269  | 30200     | Franchises & Consents                | 6.4               | P, S, T & D Plant - Demand | 38,158        | 20,907            | 11,499             | -                           | 6,052          | -                       |
| 270  | 30300     | Misc Intangible Plant                | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 271  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 272  |           | Total Intangible Plant:              |                   |                            | 40,810        | 22,040            | 12,268             | 0                           | 6,473          | 0                       |
| 273  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 274  |           | Production Plant:                    |                   |                            |               |                   |                    |                             |                |                         |
| 275  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 276  | 32520     | Producing Leaseholds                 | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 277  | 32540     | Rights of Ways                       | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 278  | 33100     | Production Gas Wells Equipment       | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 279  | 33201     | Field Lines                          | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 280  | 33202     | Tributary Lines                      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 281  | 33400     | Field Meas. & Reg. Sta. Equip.       | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 282  | 33600     | Purification Equipment               | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 283  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 284  |           | Total Production Plant               |                   |                            | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 285  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 286  |           | Storage Plant:                       |                   |                            |               |                   |                    |                             |                |                         |
| 287  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 288  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 289  | 35010     | Land                                 | 3.0               | Peak Day                   | 130,583       | 70,511            | 39,345             | -                           | 20,708         | -                       |
| 290  | 35020     | Rights of Way                        | 3.0               | Peak Day                   | 2,341         | 1,264             | 705                | -                           | 371            | -                       |
| 291  | 35100     | Structures and Improvements          | 3.0               | Peak Day                   | 8,959         | 4,838             | 2,699              | -                           | 1,421          | -                       |
| 292  | 35102     | Compressor Station Equipment         | 3.0               | Peak Day                   | 76,631        | 41,384            | 23,082             | -                           | 12,154         | -                       |
| 293  | 35103     | Meas. & Reg. Sta. Structures         | 3.0               | Peak Day                   | 11,569        | 6,248             | 3,486              | -                           | 1,836          | -                       |
| 294  | 35104     | Other Structures                     | 3.0               | Peak Day                   | 68,721        | 37,113            | 20,709             | -                           | 10,900         | -                       |
| 295  | 35200     | Wells & Rights of Way                | 3.0               | Peak Day                   | 4,547,761     | 2,456,015         | 1,370,448          | -                           | 721,298        | -                       |
| 296  | 35201     | Well Construction                    | 3.0               | Peak Day                   | 849,959       | 459,042           | 258,144            | -                           | 134,814        | -                       |
| 297  | 35202     | Well Equipment                       | 3.0               | Peak Day                   | 207,900       | 112,281           | 62,653             | -                           | 32,975         | -                       |
| 298  | 35203     | Cushion Gas                          | 3.0               | Peak Day                   | 847,418       | 457,647           | 255,365            | -                           | 134,404        | -                       |
| 299  | 35210     | Leaseholds                           | 3.0               | Peak Day                   | 89,265        | 48,208            | 26,900             | -                           | 14,158         | -                       |
| 300  | 35211     | Storage Rights                       | 3.0               | Peak Day                   | 27,307        | 14,747            | 8,229              | -                           | 4,331          | -                       |
| 301  | 35301     | Field Lines                          | 3.0               | Peak Day                   | 88,248        | 48,199            | 26,895             | -                           | 14,155         | -                       |
| 302  | 35302     | Tributary Lines                      | 3.0               | Peak Day                   | 104,729       | 56,559            | 31,500             | -                           | 16,611         | -                       |
| 303  | 35400     | Compressor Station Equipment         | 3.0               | Peak Day                   | 461,723       | 249,353           | 139,138            | -                           | 73,232         | -                       |
| 304  | 35500     | Meas. & Reg. Equipment               | 3.0               | Peak Day                   | 120,442       | 65,044            | 36,285             | -                           | 19,103         | -                       |
| 305  | 35600     | Purification Equipment               | 3.0               | Peak Day                   | 207,332       | 111,969           | 62,479             | -                           | 32,884         | -                       |
| 306  |           | Total Storage Plant                  |                   |                            | 7,861,916     | 4,240,422         | 2,366,141          | 0                           | 1,245,353      | 0                       |
| 307  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 308  |           | Transmission:                        |                   |                            |               |                   |                    |                             |                |                         |
| 309  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 310  | 36510     | Land & Land Rights                   | 3.0               | Peak Day                   | 26,970        | 14,565            | 8,127              | -                           | 4,278          | -                       |
| 311  | 36520     | Rights of Way                        | 3.0               | Peak Day                   | 667,772       | 468,640           | 261,469            | -                           | 137,633        | -                       |
| 312  | 36602     | Structures & Improvements            | 3.0               | Peak Day                   | 49,002        | 26,463            | 14,798             | -                           | 7,772          | -                       |
| 313  | 36603     | Other Structures                     | 3.0               | Peak Day                   | 60,626        | 32,849            | 18,330             | -                           | 9,647          | -                       |
| 314  | 36700     | Mains Cathodic Protection            | 3.0               | Peak Day                   | 185,535       | 100,184           | 55,902             | -                           | 28,423         | -                       |
| 315  | 36701     | Mains - Steel                        | 3.0               | Peak Day                   | 27,782,017    | 14,882,859        | 8,365,964          | -                           | 4,403,195      | -                       |
| 316  | 36900     | Meas. & Reg. Equipment               | 3.0               | Peak Day                   | 615,022       | 332,142           | 185,334            | -                           | 97,546         | -                       |
| 317  | 36901     | Meas. & Reg. Equipment               | 3.0               | Peak Day                   | 2,269,871     | 1,225,843         | 684,016            | -                           | 360,013        | -                       |
| 318  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 319  |           | Total Transmission Plant             |                   |                            | 31,836,990    | 17,193,645        | 9,693,939          | 0                           | 5,049,508      | 0                       |
| 320  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 321  |           | Distribution:                        |                   |                            |               |                   |                    |                             |                |                         |
| 322  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 323  | 37400     | Land & Land Rights                   | 3.0               | Peak Day                   | 267,025       | 144,239           | 80,485             | -                           | 42,361         | -                       |
| 324  | 37401     | Land                                 | 3.0               | Peak Day                   | 18,769        | 10,136            | 5,656              | -                           | 2,977          | -                       |
| 325  | 37402     | Land Rights                          | 3.0               | Peak Day                   | 739,752       | 409,763           | 228,641            | -                           | 120,338        | -                       |
| 326  | 37403     | Land Other                           | 3.0               | Peak Day                   | 1,400         | 756               | 422                | -                           | 222            | -                       |
| 327  | 37500     | Structures & Improvements            | 3.0               | Peak Day                   | 109,034       | 61,287            | 33,038             | -                           | 17,010         | -                       |
| 328  | 37501     | Structures & Improvements T.B.       | 3.0               | Peak Day                   | 50,191        | 27,106            | 15,125             | -                           | 7,861          | -                       |
| 329  | 37502     | Land Rights                          | 3.0               | Peak Day                   | 23,293        | 12,563            | 7,010              | -                           | 3,690          | -                       |
| 330  | 37503     | Improvements                         | 3.0               | Peak Day                   | 2,014         | 1,089             | 607                | -                           | 319            | -                       |
| 331  | 37600     | Mains Cathodic Protection            | 3.0               | Peak Day                   | 10,060,588    | 5,433,214         | 3,031,715          | -                           | 1,595,659      | -                       |
| 332  | 37601     | Mains - Steel                        | 3.0               | Peak Day                   | 66,406,503    | 30,610,899        | 17,024,976         | -                           | 8,960,628      | -                       |
| 333  | 37602     | Mains - Plastic                      | 3.0               | Peak Day                   | 48,856,285    | 25,384,804        | 14,722,630         | -                           | 7,748,851      | -                       |
| 334  | 37800     | Meas. & Reg. Sta. Equip. - General   | 3.0               | Peak Day                   | 3,752,516     | 2,026,544         | 1,130,805          | -                           | 589,168        | -                       |
| 335  | 37900     | Meas. & Reg. Sta. Equip. - City Gate | 3.0               | Peak Day                   | 1,534,948     | 835,985           | 477,587            | -                           | 251,355        | -                       |
| 336  | 37905     | Meas. & Reg. Sta. Equipment T.B.     | 3.0               | Peak Day                   | 700,851       | 376,484           | 211,158            | -                           | 111,158        | -                       |
| 337  | 38000     | Services                             | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 338  | 38100     | Meters                               | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 339  | 38200     | Water Installations                  | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 340  | 38300     | House Regulators                     | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 341  | 38400     | House Reg. Installations             | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 342  | 38500     | Ind. Meas. & Reg. Sta. Equipment     | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 343  | 38600     | Other Prop. On Cust. Prem            | 99.0              |                            | 0             | -                 | -                  | -                           | -              | -                       |
| 344  |           |                                      |                   |                            |               |                   |                    |                             |                |                         |
| 345  |           | Total Distribution Plant             |                   |                            | 122,742,078   | 66,286,778        | 36,987,793         | 0                           | 19,467,507     | 0                       |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                                |             |            |            |            |
|--|--|--------------------------------|-------------|------------|------------|------------|
| Class Cost of Service - Customer/Demand Study            |  |                                |             |            |            |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                                |             |            |            |            |
| ALLOCATION OF PLANT IN SERVICE                           |  |                                |             |            |            |            |
| 346  |  |                                |             |            |            |            |
| 347  | General:   |                                |             |            |            |            |
| 348  |  |                                |             |            |            |            |
| 349  | 38900 Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 327,085     | 176,642    | 98,566     | 51,877     |
| 350  | 39000 Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 1,696,946   | 800,179    | 502,297    | 264,370    |
| 351  | 39001 Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 352  | 39002 Structures-Brick                             | 6.4 P, S, T & D Plant - Demand | 55,116      | 29,765     | 16,609     | 8,742      |
| 353  | 39003 Improvements                                 | 6.4 P, S, T & D Plant - Demand | 225,793     | 121,940    | 88,042     | 35,812     |
| 354  | 39004 Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 2,378       | 1,283      | 716        | 377        |
| 355  | 39009 Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 396,761     | 214,270    | 119,562    | 62,928     |
| 356  | 39100 Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 618,763     | 334,163    | 166,462    | 98,139     |
| 357  | 39102 Remittance Processing Equip.                 | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 358  | 39103 Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 359  | 39200 Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 115,841     | 62,300     | 34,818     | 18,325     |
| 360  | 39201 Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 361  | 39202 Trailers                                     | 6.4 P, S, T & D Plant - Demand | 10,568      | 5,707      | 3,184      | 1,676      |
| 362  | 39300 Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 363  | 39400 Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 645,060     | 458,374    | 254,655    | 134,031    |
| 364  | 39500 Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 365  | 39603 Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 15,060      | 8,133      | 4,538      | 2,389      |
| 366  | 39604 Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 19,977      | 10,789     | 6,020      | 3,169      |
| 367  | 39605 Welders                                      | 6.4 P, S, T & D Plant - Demand | 10,582      | 5,715      | 3,189      | 1,678      |
| 368  | 39700 Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 128,306     | 69,291     | 38,684     | 20,350     |
| 369  | 39701 Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 370  | 39702 Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 371  | 39705 Communication Equip. - Telemetering          | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 372  | 39800 Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 1,365,412   | 737,390    | 411,461    | 216,561    |
| 373  | 39900 Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 374  | 39901 Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 375  | 39902 Other Tangible Property - Servers - SW       | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 376  | 39903 Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 30,153      | 16,264     | 9,087      | 4,782      |
| 377  | 39904 Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 378  | 39905 Other Tangible Property - MF - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 379  | 39906 Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 524,277     | 283,135    | 157,989    | 83,153     |
| 380  | 39907 Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 4,378       | 2,364      | 1,319      | 694        |
| 381  | 39908 Other Tang. Property - Mainframe SW          | 6.4 P, S, T & D Plant - Demand | 39,324      | 21,237     | 11,950     | 6,237      |
| 382  | 39909 Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 383  | 39924 Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 384  |  |                                |             |            |            |            |
| 385  | Total General Plant                                |                                | 6,401,378   | 3,457,060  | 1,920,028  | 1,015,291  |
| 386  |  |                                |             |            |            |            |
| 387  | TOTAL DIRECT PLANT                                 |                                | 168,673,172 | 91,199,845 | 50,869,198 | 26,784,129 |
| 388  |  |                                |             |            |            |            |
| 389  | CWP w/o AFUDC                                      | 6.4 P, S, T & D Plant - Demand | 4,486,458   | 2,426,308  | 1,354,987  | 713,160    |
| 390  |  |                                |             |            |            |            |
| 391  | Kentucky Mid-States General Office:                |                                |             |            |            |            |
| 392  |  |                                |             |            |            |            |
| 393  | Intangible Plant:                                  |                                |             |            |            |            |
| 394  |  |                                |             |            |            |            |
| 395  | 30100 Organization                                 | 6.4 P, S, T & D Plant - Demand | 26,863      | 15,641     | 8,728      | 4,594      |
| 396  | 30200 Franchises & Consents                        | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 397  | 30300 Misc Intangible Plant                        | 6.4 P, S, T & D Plant - Demand | 173,415     | 93,653     | 52,258     | 27,505     |
| 398  |  |                                |             |            |            |            |
| 399  | Total Intangible Plant:                            |                                | 202,378     | 109,294    | 60,986     | 32,099     |
| 400  |  |                                |             |            |            |            |
| 401  | General:   |                                |             |            |            |            |
| 402  |  |                                |             |            |            |            |
| 403  | 37400 Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 404  | 39001 Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 26,629      | 15,137     | 8,447      | 4,446      |
| 405  | 39002 Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 406  | 39003 Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 407  | 39004 Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 902         | 487        | 272        | 143        |
| 408  | 39009 Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 24,103      | 13,017     | 7,263      | 3,823      |
| 409  | 39100 Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 6,666       | 3,600      | 2,009      | 1,037      |
| 410  | 39102 Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 411  | 39103 Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 412  | 39200 Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 642         | 347        | 194        | 102        |
| 413  | 39201 Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 414  | 39202 Trailers                                     | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 415  | 39300 Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 416  | 39400 Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 25,898      | 13,819     | 7,710      | 4,056      |
| 417  | 39500 Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 1,725       | 932        | 520        | 274        |
| 418  | 39603 Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 419  | 39604 Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 420  | 39605 Welders                                      | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 421  | 39700 Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 35,262      | 19,043     | 10,626     | 5,593      |
| 422  | 39701 Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 423  | 39702 Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 424  | 39705 Communication Equip. - Telemetering          | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 425  | 39800 Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 137,896     | 74,495     | 41,551     | 21,869     |
| 426  | 39900 Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 12,034      | 6,499      | 3,625      | 1,909      |
| 427  | 39901 Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 53,765      | 29,852     | 16,211     | 8,532      |
| 428  | 39902 Other Tangible Property - Servers - SW       | 6.4 P, S, T & D Plant - Demand | 1,283       | 698        | 360        | 205        |
| 429  | 39903 Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 32,721      | 17,671     | 9,860      | 5,190      |
| 430  | 39904 Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 431  | 39905 Other Tangible Property - MF - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 432  | 39906 Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 80,868      | 27,439     | 15,311     | 8,058      |
| 433  | 39907 Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 11,793      | 6,320      | 3,527      | 1,856      |
| 434  | 39908 Other Tang. Property - Mainframe SW          | 6.4 P, S, T & D Plant - Demand | 140,425     | 75,937     | 42,317     | 22,272     |
| 435  | 39909 Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 436  | 39924 Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           | -          | -          | -          |
| 437  |  |                                |             |            |            |            |
| 438  | Total General Plant                                |                                | 563,582     | 304,362    | 169,833    | 89,387     |
| 439  |  |                                |             |            |            |            |
| 440  | CWP w/o AFUDC                                      | 6.4 P, S, T & D Plant - Demand | (27,272)    | (14,728)   | (8,218)    | (4,326)    |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |                                 |  |                                |             |                                      |
|--|---------------------------------|--|--------------------------------|-------------|--------------------------------------|
| Class Cost of Service - Customer/Demand Study            |                                 |  |                                |             |                                      |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                 |  |                                |             |                                      |
| ALLOCATION OF PLANT IN SERVICE                           |                                 |  |                                |             |                                      |
| 441  |                                 |  |                                |             |                                      |
| 442  | Shared Services General Office: |  |                                |             |                                      |
| 443  | General:                        |  |                                |             |                                      |
| 444  |                                 |  |                                |             |                                      |
| 445  |                                 |  |                                |             |                                      |
| 446  | 37400                           | Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 447  | 39001                           | Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 448  | 36502                           | Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 64,131      | 45,435 25,352 13,344                 |
| 449  | 37503                           | Improvements                                 | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 450  | 39004                           | Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 451  | 39009                           | Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 161,624     | 87,285 48,705 25,634                 |
| 452  | 39100                           | Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 188,172     | 101,622 56,705 29,845                |
| 453  | 39102                           | Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 454  | 39103                           | Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 455  | 39200                           | Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 1,731       | 935 522 275                          |
| 456  | 39201                           | Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 457  | 39202                           | Trailers                                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 458  | 39300                           | Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 459  | 39400                           | Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 26,808      | 14,479 6,079 4,252                   |
| 460  | 39500                           | Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 356         | 214 119 53                           |
| 461  | 39603                           | Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 462  | 39604                           | Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 463  | 39605                           | Welders                                      | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 464  | 39700                           | Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 42,627      | 23,021 12,845 6,761                  |
| 465  | 39701                           | Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 466  | 39702                           | Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 467  | 39705                           | Communication Equip. - Telemetering          | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 468  | 39800                           | Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 9,206       | 4,971 2,774 1,460                    |
| 469  | 39800                           | Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 2,614       | 1,523 946 446                        |
| 470  | 39901                           | Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 620,079     | 284,109 158,532 83,438               |
| 471  | 39902                           | Other Tangible Property - Servers - SW       | 6.4 P, S, T & D Plant - Demand | 322,525     | 174,179 97,191 51,154                |
| 472  | 39903                           | Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 56,870      | 30,712 17,137 9,020                  |
| 473  | 39904                           | Other Tangible Property - CPU                | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 474  | 39905                           | Other Tangible Property - MF - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 475  | 39906                           | Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 38,189      | 20,824 11,508 6,057                  |
| 476  | 39907                           | Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 11,466      | 6,203 3,461 1,822                    |
| 477  | 39908                           | Other Tang. Property - Mainframe SW          | 6.4 P, S, T & D Plant - Demand | 2,047,677   | 1,105,847 617,059 324,772            |
| 478  | 39909                           | Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 18,449      | 8,883 4,957 2,609                    |
| 479  | 39924                           | Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 480  |                                 |  |                                |             |                                      |
| 481  |                                 | Total General Plant                          |                                | 3,536,781   | 1,910,039 1,065,784 0 660,951 0      |
| 482  |                                 |  |                                |             |                                      |
| 483  |                                 | CWIP w/o AFUDC                               | 6.4 P, S, T & D Plant - Demand | 197,473     | 106,645 59,508 31,320                |
| 484  |                                 |  |                                |             |                                      |
| 485  |                                 | Shared Services Customer Support:            |                                |             |                                      |
| 486  |                                 | General:                                     |                                |             |                                      |
| 487  |                                 |  |                                |             |                                      |
| 488  |                                 |  |                                |             |                                      |
| 489  | 37400                           | Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 58,785      | 31,747 17,715 9,324                  |
| 490  | 39001                           | Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 491  | 36502                           | Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 266,700     | 144,031 80,369 42,300                |
| 492  | 37503                           | Improvements                                 | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 493  | 39004                           | Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 494  | 39009                           | Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 76,174      | 42,218 23,557 12,399                 |
| 495  | 39100                           | Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 41,605      | 22,469 12,537 6,559                  |
| 496  | 39102                           | Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 497  | 39103                           | Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 498  | 39200                           | Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 499  | 39201                           | Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 500  | 39202                           | Trailers                                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 501  | 39300                           | Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 502  | 39400                           | Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 503  | 39500                           | Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 504  | 39603                           | Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 505  | 39604                           | Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 506  | 39605                           | Welders                                      | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 507  | 39700                           | Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 38,634      | 19,784 11,039 5,810                  |
| 508  | 39701                           | Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 509  | 39702                           | Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 510  | 39705                           | Communication Equip. - Telemetering          | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 511  | 39800                           | Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 1,107       | 599 333 176                          |
| 512  | 39800                           | Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 11,760      | 6,351 3,544 1,865                    |
| 513  | 39901                           | Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 149,290     | 80,624 44,988 23,678                 |
| 514  | 39902                           | Other Tangible Property - Servers - SW       | 6.4 P, S, T & D Plant - Demand | 33,397      | 18,031 10,061 5,295                  |
| 515  | 39903                           | Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 11,463      | 6,201 3,460 1,821                    |
| 516  | 39904                           | Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 517  | 39905                           | Other Tangible Property - MF - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 518  | 39906                           | Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 19,063      | 10,296 5,745 3,024                   |
| 519  | 39907                           | Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 3,746       | 2,023 1,129 594                      |
| 520  | 39908                           | Other Tang. Property - Mainframe SW          | 6.4 P, S, T & D Plant - Demand | 2,047,612   | 1,105,811 617,039 324,761            |
| 521  | 39909                           | Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 522  | 39924                           | Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           |                                      |
| 523  |                                 |  |                                |             |                                      |
| 524  |                                 | Total General Plant                          |                                | 2,750,346   | 1,490,183 831,517 0 437,648 0        |
| 525  |                                 |  |                                |             |                                      |
| 526  |                                 | CWIP w/o AFUDC                               | 6.4 P, S, T & D Plant - Demand | 23,601      | 12,746 7,112 3,743                   |
| 527  |                                 |  |                                |             |                                      |
| 528  |                                 | TOTAL PLANT IN SERVICE - DEMAND              |                                | 176,935,259 | 95,013,720 53,017,328 0 27,904,211 0 |
| 529  |                                 |  |                                |             |                                      |
| 530  |                                 | TOTAL CWIP W/O AFUDC - DEMAND                |                                | 4,690,258   | 2,532,971 1,413,389 0 743,698 0      |

| Alrosa Energy Corporation, Kentucky/Mid-States Division  |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF PLANT IN SERVICE                           |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Commodity                           | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 531  |           | Intangible Plant:                   |                   |                               |               |                   |                    |                             |                |                         |
| 532  | 30100     | Organization                        | 6.6               | P, S, T & D Plant - Commodity | 126           | 50                | 30                 | 1                           | 24             | 23                      |
| 534  | 30200     | Franchises & Consents               | 6.6               | P, S, T & D Plant - Commodity | 1,845         | 722               | 435                | 14                          | 340            | 333                     |
| 535  | 30300     | Misc Intangible Plant               | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 536  |           | Total Intangible Plant:             |                   |                               | 1,973         | 772               | 465                | 15                          | 364            | 356                     |
| 537  |           | Production Plant:                   |                   |                               |               |                   |                    |                             |                |                         |
| 538  |           | Production Plant:                   |                   |                               |               |                   |                    |                             |                |                         |
| 541  | 32520     | Producing Leaseholds                | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 542  | 32540     | Rights of Ways                      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 543  | 33100     | Production Gas Wells Equipment      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 544  | 33201     | Field Lines                         | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 545  | 33202     | Tributary Lines                     | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 546  | 33400     | Field Meas. & Reg. Sta. Equip.      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 547  | 33600     | Purification Equipment              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 548  |           | Total Production Plant              |                   |                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 549  |           | Storage Plant:                      |                   |                               |               |                   |                    |                             |                |                         |
| 550  |           | Storage Plant:                      |                   |                               |               |                   |                    |                             |                |                         |
| 551  |           | Storage Plant:                      |                   |                               |               |                   |                    |                             |                |                         |
| 552  | 35010     | Land                                | 1.5               | Winter Volumes                | 130,553       | 51,118            | 30,816             | 970                         | 24,087         | 23,570                  |
| 553  | 35020     | Rights of Way                       | 1.5               | Winter Volumes                | 2,341         | 916               | 853                | 17                          | 432            | 423                     |
| 555  | 35100     | Structures and Improvements         | 1.5               | Winter Volumes                | 8,958         | 3,507             | 2,114              | 67                          | 1,653          | 1,617                   |
| 556  | 35102     | Compression Station Equipment       | 1.5               | Winter Volumes                | 76,631        | 30,002            | 18,088             | 569                         | 14,137         | 13,834                  |
| 557  | 35103     | Meas. & Reg. Sta. Structures        | 1.5               | Winter Volumes                | 11,569        | 4,530             | 2,731              | 86                          | 2,134          | 2,069                   |
| 558  | 35104     | Other Structures                    | 1.5               | Winter Volumes                | 58,721        | 28,908            | 18,221             | 511                         | 12,578         | 12,406                  |
| 559  | 35200     | Wells & Rights of Way               | 1.5               | Winter Volumes                | 4,547,761     | 1,730,533         | 1,073,461          | 33,782                      | 838,989        | 820,986                 |
| 590  | 35201     | Well Construction                   | 1.5               | Winter Volumes                | 849,959       | 332,791           | 200,635            | 6,316                       | 156,811        | 153,446                 |
| 561  | 35202     | Well Equipment                      | 1.5               | Winter Volumes                | 207,909       | 81,400            | 49,075             | 1,545                       | 38,356         | 37,533                  |
| 562  | 35203     | Cuehon Gas                          | 1.5               | Winter Volumes                | 847,416       | 331,779           | 200,026            | 6,297                       | 156,335        | 152,980                 |
| 563  | 35210     | Leaseholds                          | 1.5               | Winter Volumes                | 89,265        | 34,949            | 21,070             | 963                         | 19,488         | 19,115                  |
| 564  | 35211     | Storage Rights                      | 1.5               | Winter Volumes                | 27,307        | 10,691            | 6,446              | 203                         | 5,038          | 4,933                   |
| 565  | 36301     | Field Lines                         | 1.5               | Winter Volumes                | 89,245        | 34,942            | 21,068             | 663                         | 16,465         | 16,112                  |
| 566  | 36302     | Tributary Lines                     | 1.5               | Winter Volumes                | 104,729       | 41,003            | 24,720             | 778                         | 19,321         | 18,906                  |
| 567  | 36400     | Compressor Station Equipment        | 1.5               | Winter Volumes                | 461,723       | 180,773           | 108,986            | 3,431                       | 85,181         | 83,353                  |
| 568  | 36500     | Meas. & Reg. Equipment              | 1.5               | Winter Volumes                | 120,442       | 47,155            | 28,429             | 895                         | 22,220         | 21,743                  |
| 569  | 36600     | Purification Equipment              | 1.5               | Winter Volumes                | 207,332       | 81,174            | 48,559             | 1,541                       | 38,249         | 37,429                  |
| 570  |           | Total Storage Plant                 |                   |                               | 7,651,916     | 3,074,171         | 1,853,379          | 58,343                      | 1,446,553      | 1,417,469               |
| 571  |           | Transmission:                       |                   |                               |               |                   |                    |                             |                |                         |
| 572  |           | Transmission:                       |                   |                               |               |                   |                    |                             |                |                         |
| 573  |           | Transmission:                       |                   |                               |               |                   |                    |                             |                |                         |
| 574  |           | Transmission:                       |                   |                               |               |                   |                    |                             |                |                         |
| 575  | 36510     | Land & Land Rights                  | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 576  | 36520     | Rights of Way                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 577  | 36602     | Structures & Improvements           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 578  | 36603     | Other Structures                    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 579  | 36700     | Mains Cathodic Protection           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 580  | 36701     | Mains - Steel                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 581  | 36800     | Meas. & Reg. Equipment              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 582  | 36901     | Meas. & Reg. Equipment              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 583  |           | Total Transmission Plant            |                   |                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 584  |           | Distribution:                       |                   |                               |               |                   |                    |                             |                |                         |
| 585  |           | Distribution:                       |                   |                               |               |                   |                    |                             |                |                         |
| 586  |           | Distribution:                       |                   |                               |               |                   |                    |                             |                |                         |
| 587  |           | Distribution:                       |                   |                               |               |                   |                    |                             |                |                         |
| 588  | 37400     | Land & Land Rights                  | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 589  | 37401     | Land                                | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 590  | 37402     | Land Rights                         | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 591  | 37403     | Land Other                          | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 592  | 37500     | Structures & Improvements           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 593  | 37501     | Structures & Improvements T.B.      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 594  | 37502     | Land Rights                         | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 595  | 37503     | Improvements                        | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 596  | 37600     | Mains Cathodic Protection           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 597  | 37601     | Mains - Steel                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 598  | 37602     | Mains - Plastic                     | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 599  | 37800     | Meas. & Reg. Sta. Equip - General   | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 600  | 37900     | Meas. & Reg. Sta. Equip - City Gate | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 601  | 37905     | Meas. & Reg. Sta. Equipment T.B.    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 602  | 38000     | Services                            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 603  | 38100     | Meters                              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 604  | 38200     | Meter Installations                 | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 605  | 38300     | House Regulators                    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 606  | 38400     | House Reg. Installations            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 607  | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 608  | 38600     | Other Prop. On Cust. Prem.          | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 609  |           | Total Distribution Plant            |                   |                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |



| Almos Energy Corporation, Kentucky/Mid-States Division   |                                     |  |                                   |           |           |           |        |           |           |
|--|-------------------------------------|--|-----------------------------------|-----------|-----------|-----------|--------|-----------|-----------|
| Class Cost of Service - Customer/Demand Study            |                                     |  |                                   |           |           |           |        |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                     |  |                                   |           |           |           |        |           |           |
| ALLOCATION OF PLANT IN SERVICE                           |                                     |  |                                   |           |           |           |        |           |           |
| 811  | General:                            |  |                                   |           |           |           |        |           |           |
| 812  | General:                            |  |                                   |           |           |           |        |           |           |
| 813  | General:                            |  |                                   |           |           |           |        |           |           |
| 614  | 38800                               | Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 15,811    | 6,190     | 3,732     | 117    | 2,917     | 2,854     |
| 615  | 39000                               | Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 80,575    | 31,547    | 19,019    | 599    | 14,865    | 14,546    |
| 616  | 39001                               | Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 617  | 39002                               | Structures-Brick                             | 6.6 P, S, T & D Plant - Commodity | 2,694     | 1,043     | 629       | 20     | 462       | 481       |
| 618  | 39003                               | Improvements                                 | 6.6 P, S, T & D Plant - Commodity | 10,915    | 4,273     | 2,576     | 81     | 2,014     | 1,870     |
| 619  | 39004                               | Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 115       | 45        | 27        | 1      | 21        | 21        |
| 620  | 39009                               | Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 19,179    | 7,609     | 4,527     | 143    | 3,538     | 3,462     |
| 621  | 39100                               | Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 29,911    | 11,711    | 7,060     | 222    | 5,518     | 5,400     |
| 622  | 39102                               | Remittance Processing Equip.                 | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 623  | 39103                               | Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 624  | 39200                               | Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 5,695     | 2,187     | 1,318     | 42     | 1,030     | 1,008     |
| 625  | 39201                               | Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 626  | 39202                               | Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 0         | 200       | 121       | 4      | 94        | 92        |
| 627  | 39300                               | Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 628  | 39400                               | Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 40,850    | 15,994    | 9,642     | 304    | 7,536     | 7,374     |
| 629  | 39500                               | Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 630  | 39503                               | Ditchers                                     | 6.6 P, S, T & D Plant - Commodity | 726       | 285       | 172       | 5      | 134       | 131       |
| 631  | 39604                               | Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 966       | 378       | 228       | 7      | 178       | 174       |
| 632  | 39605                               | Welders                                      | 6.6 P, S, T & D Plant - Commodity | 512       | 200       | 121       | 4      | 94        | 92        |
| 633  | 39700                               | Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 6,202     | 2,428     | 1,484     | 46     | 1,144     | 1,120     |
| 634  | 39701                               | Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 635  | 39702                               | Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 636  | 39705                               | Communication Equip. - Telemetering          | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 637  | 39900                               | Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 66,004    | 25,842    | 15,680    | 490    | 12,177    | 11,915    |
| 638  | 39900                               | Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 639  | 39901                               | Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 640  | 39902                               | Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 641  | 39903                               | Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 1,456     | 571       | 344       | 11     | 269       | 263       |
| 642  | 39904                               | Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 643  | 39905                               | Other Tangible Property - MP - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 644  | 39906                               | Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 25,344    | 9,922     | 5,882     | 188    | 4,675     | 4,575     |
| 645  | 39907                               | Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 212       | 83        | 50        | 2      | 39        | 38        |
| 646  | 39908                               | Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 1,001     | 744       | 449       | 14     | 351       | 343       |
| 647  | 39909                               | Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 648  | 39924                               | Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 649  | Total General Plant                 |  |                                   | 309,443   | 121,153   | 73,041    | 2,299  | 57,087    | 55,862    |
| 651  | TOTAL DIRECT PLANT                  |  |                                   | 8,163,331 | 3,196,086 | 1,926,886 | 60,657 | 1,508,004 | 1,473,687 |
| 652  | CWP w/o AFUDC                       |  |                                   | 217,359   | 85,100    | 51,306    | 1,615  | 40,099    | 39,239    |
| 653  | Kentucky Mid-States General Office: |  |                                   |           |           |           |        |           |           |
| 654  | Intangible Plant:                   |  |                                   |           |           |           |        |           |           |
| 655  | Intangible Plant:                   |  |                                   |           |           |           |        |           |           |
| 656  | 30100                               | Organization                                 | 6.6 P, S, T & D Plant - Commodity | 1,400     | 548       | 330       | 10     | 258       | 253       |
| 657  | 30200                               | Franchises & Consents                        | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 658  | 30300                               | Misc Intangible Plant                        | 6.6 P, S, T & D Plant - Commodity | 6,383     | 3,282     | 1,979     | 62     | 1,547     | 1,513     |
| 659  | Total Intangible Plant:             |  |                                   | 9,783     | 3,830     | 2,309     | 73     | 1,805     | 1,766     |
| 660  | General:                            |  |                                   |           |           |           |        |           |           |
| 661  | General:                            |  |                                   |           |           |           |        |           |           |
| 662  | General:                            |  |                                   |           |           |           |        |           |           |
| 663  | 37400                               | Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 664  | 38001                               | Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 1,355     | 530       | 320       | 10     | 250       | 245       |
| 665  | 39002                               | Structures Improvements                      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 666  | 39000                               | Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 667  | 39004                               | Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 44        | 17        | 10        | 0      | 8         | 8         |
| 668  | 39009                               | Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 1,165     | 458       | 275       | 9      | 215       | 210       |
| 669  | 39100                               | Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 322       | 128       | 76        | 2      | 59        | 58        |
| 670  | 39102                               | Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 671  | 39103                               | Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 672  | 39200                               | Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 31        | 12        | 7         | 0      | 6         | 6         |
| 673  | 39201                               | Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 674  | 39202                               | Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 675  | 39300                               | Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 676  | 39400                               | Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 1,237     | 484       | 292       | 9      | 228       | 223       |
| 677  | 39500                               | Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 83        | 33        | 20        | 1      | 15        | 15        |
| 678  | 39603                               | Ditchers                                     | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 679  | 39604                               | Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 680  | 39605                               | Welders                                      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 681  | 39700                               | Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 1,705     | 667       | 402       | 18     | 314       | 308       |
| 682  | 39701                               | Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 683  | 39702                               | Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 684  | 39705                               | Communication Equip. - Telemetering          | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 685  | 39900                               | Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 6,655     | 2,610     | 1,573     | 50     | 1,200     | 1,203     |
| 686  | 39900                               | Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 582       | 228       | 137       | 4      | 107       | 105       |
| 687  | 39901                               | Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 2,600     | 1,018     | 614       | 19     | 460       | 469       |
| 688  | 39902                               | Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 63        | 24        | 15        | 0      | 12        | 11        |
| 689  | 39903                               | Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 1,582     | 619       | 373       | 12     | 292       | 286       |
| 690  | 39904                               | Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 691  | 39905                               | Other Tangible Property - MP - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 692  | 39906                               | Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 2,458     | 952       | 560       | 18     | 453       | 443       |
| 693  | 39907                               | Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 559       | 221       | 134       | 4      | 104       | 102       |
| 694  | 39908                               | Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 6,768     | 2,658     | 1,602     | 50     | 1,252     | 1,225     |
| 695  | 39909                               | Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 696  | 39924                               | Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0         | -         | -         | -      | -         | -         |
| 697  | Total General Plant                 |  |                                   | 27,244    | 10,668    | 6,431     | 202    | 5,026     | 4,918     |
| 698  | CWP w/o AFUDC                       |  |                                   | (1,318)   | (516)     | (311)     | (10)   | (243)     | (239)     |

| Almos Energy Corporation, Kentucky/Mid-States Division   |                                    |   |                                   |                                   |           |           |        |           |           |       |   |
|--|------------------------------------|---|-----------------------------------|-----------------------------------|-----------|-----------|--------|-----------|-----------|-------|---|
| Class Cost of Service - Customer/Demand Study            |                                    |   |                                   |                                   |           |           |        |           |           |       |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                    |   |                                   |                                   |           |           |        |           |           |       |   |
| ALLOCATION OF PLANT IN SERVICE                           |                                    |   |                                   |                                   |           |           |        |           |           |       |   |
| 706  | Shared Services General Office:    |   |                                   |                                   |           |           |        |           |           |       |   |
| 707  | General:                           |   |                                   |                                   |           |           |        |           |           |       |   |
| 709  | General:                           |   |                                   |                                   |           |           |        |           |           |       |   |
| 710  | 37400                              | Land & Land Rights                              | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 712  | 39001                              | Structures Frame                                | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 713  | 36002                              | Structures & Improvements                       | 6.6 P, S, T & D Plant - Commodity | 4,067                             | 1,562     | 960       | 30     | 750       | 734       | -     | - |
| 714  | 37503                              | Improvements                                    | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 715  | 39004                              | Air Conditioning Equipment                      | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 716  | 39009                              | Improvement to Leased Premises                  | 6.6 P, S, T & D Plant - Commodity | 7,813                             | 3,059     | 1,844     | 58     | 1,441     | 1,410     | -     | - |
| 717  | 39100                              | Office Furniture & Equipment                    | 6.6 P, S, T & D Plant - Commodity | 9,098                             | 3,591     | 2,147     | 68     | 1,678     | 1,642     | -     | - |
| 718  | 39102                              | Rentance Processing Equip                       | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 719  | 39103                              | Office Machines                                 | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 720  | 39200                              | Transportation Equipment                        | 6.6 P, S, T & D Plant - Commodity | 84                                | 33        | 20        | 1      | 15        | 15        | -     | - |
| 721  | 39201                              | Trucks  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 722  | 39202                              | Trailers  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 723  | 39300                              | Stores Equipment                                | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 724  | 39400                              | Tools, Shop & Garage Equipment                  | 6.6 P, S, T & D Plant - Commodity | 1,296                             | 507       | 306       | 10     | 239       | 234       | -     | - |
| 725  | 39600                              | Power Operated Equipment                        | 6.6 P, S, T & D Plant - Commodity | 19                                | 7         | 5         | 0      | 4         | 3         | -     | - |
| 726  | 39603                              | Ditchers  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 727  | 39604                              | Backhoes  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 729  | 39605                              | Welders   | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 729  | 39700                              | Communication Equipment                         | 6.6 P, S, T & D Plant - Commodity | 2,051                             | 807       | 488       | 15     | 360       | 372       | -     | - |
| 730  | 39701                              | Communication Equipment - Mobile Radios         | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 731  | 39702                              | Communication Equipment - Fixed Radios          | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 732  | 39705                              | Communication Equip. - Telemetering             | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 733  | 39900                              | Miscellaneous Equipment                         | 6.6 P, S, T & D Plant - Commodity | 449                               | 174       | 105       | 3      | 82        | 80        | -     | - |
| 734  | 39900                              | Other Tangible Property                         | 6.6 P, S, T & D Plant - Commodity | 138                               | 53        | 32        | 1      | 25        | 25        | -     | - |
| 735  | 39901                              | Other Tangible Property - Servers - HW          | 6.6 P, S, T & D Plant - Commodity | 25,431                            | 9,857     | 6,003     | 189    | 4,692     | 4,591     | -     | - |
| 736  | 39902                              | Other Tangible Property - Servers - SW          | 6.6 P, S, T & D Plant - Commodity | 15,591                            | 6,104     | 3,660     | 116    | 2,876     | 2,815     | -     | - |
| 737  | 39903                              | Other Tangible Property - Network - HW          | 6.6 P, S, T & D Plant - Commodity | 2,749                             | 1,076     | 649       | 20     | 507       | 498       | -     | - |
| 738  | 39904                              | Other Tangible Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 739  | 39905                              | Other Tangible Property - MF - Hardware         | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 740  | 39906                              | Other Tangible Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 1,846                             | 723       | 436       | 14     | 341       | 333       | -     | - |
| 741  | 39907                              | Other Tangible Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 555                               | 217       | 131       | 4      | 102       | 100       | -     | - |
| 742  | 39908                              | Other Tangible Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 98,985                            | 38,754    | 23,355    | 735    | 18,261    | 17,869    | -     | - |
| 743  | 39909                              | Other Tangible Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 799                               | 311       | 188       | 6      | 147       | 144       | -     | - |
| 744  | 39924                              | Other Tangible Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 745  | Total General Plant                |   |                                   | 170,998                           | 66,937    | 40,356    | 1,270  | 31,541    | 30,884    | -     | - |
| 747  | CWP w/o AFUDC                      |   |                                   | 6.6 P, S, T & D Plant - Commodity | 9,646     | 3,737     | 2,263  | 71        | 1,761     | 1,723 | - |
| 749  | Shared Services Customer Support:  |   |                                   |                                   |           |           |        |           |           |       |   |
| 751  | General:                           |   |                                   |                                   |           |           |        |           |           |       |   |
| 752  | General:                           |   |                                   |                                   |           |           |        |           |           |       |   |
| 753  | 37400                              | Land & Land Rights                              | 6.6 P, S, T & D Plant - Commodity | 2,842                             | 1,119     | 671       | 21     | 524       | 513       | -     | - |
| 753  | 39001                              | Structures Frame                                | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 756  | 36002                              | Structures & Improvements                       | 6.6 P, S, T & D Plant - Commodity | 12,892                            | 5,048     | 3,043     | 96     | 2,378     | 2,327     | -     | - |
| 757  | 37503                              | Improvements                                    | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 758  | 39004                              | Air Conditioning Equipment                      | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 759  | 39009                              | Improvement to Leased Premises                  | 6.6 P, S, T & D Plant - Commodity | 3,779                             | 1,480     | 892       | 28     | 697       | 692       | -     | - |
| 760  | 39100                              | Office Furniture & Equipment                    | 6.6 P, S, T & D Plant - Commodity | 2,011                             | 787       | 476       | 15     | 371       | 363       | -     | - |
| 761  | 39102                              | Rentance Processing Equip                       | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 762  | 39103                              | Office Machines                                 | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 763  | 39200                              | Transportation Equipment                        | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 764  | 39201                              | Trucks  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 765  | 39202                              | Trailers  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 765  | 39300                              | Stores Equipment                                | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 767  | 39400                              | Tools, Shop & Garage Equipment                  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 768  | 39600                              | Power Operated Equipment                        | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 769  | 39603                              | Ditchers  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 770  | 39604                              | Backhoes  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 771  | 39605                              | Welders   | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 772  | 39700                              | Communication Equipment                         | 6.6 P, S, T & D Plant - Commodity | 1,771                             | 693       | 418       | 13     | 327       | 320       | -     | - |
| 773  | 39701                              | Communication Equipment - Mobile Radios         | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 774  | 39702                              | Communication Equipment - Fixed Radios          | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 775  | 39705                              | Communication Equip. - Telemetering             | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 776  | 39900                              | Miscellaneous Equipment                         | 6.6 P, S, T & D Plant - Commodity | 53                                | 21        | 13        | 0      | 10        | 10        | -     | - |
| 777  | 39900                              | Other Tangible Property                         | 6.6 P, S, T & D Plant - Commodity | 588                               | 223       | 134       | 4      | 195       | 193       | -     | - |
| 778  | 39901                              | Other Tangible Property - Servers - HW          | 6.6 P, S, T & D Plant - Commodity | 7,217                             | 2,826     | 1,703     | 54     | 1,331     | 1,303     | -     | - |
| 779  | 39902                              | Other Tangible Property - Servers - SW          | 6.6 P, S, T & D Plant - Commodity | 1,614                             | 632       | 381       | 12     | 298       | 291       | -     | - |
| 780  | 39903                              | Other Tangible Property - Network - HW          | 6.6 P, S, T & D Plant - Commodity | 555                               | 217       | 131       | 4      | 102       | 100       | -     | - |
| 781  | 39904                              | Other Tangible Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 782  | 39905                              | Other Tangible Property - MF - Hardware         | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 783  | 39906                              | Other Tangible Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 922                               | 361       | 218       | 7      | 170       | 166       | -     | - |
| 784  | 39907                              | Other Tangible Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 181                               | 71        | 43        | 1      | 33        | 33        | -     | - |
| 785  | 39908                              | Other Tangible Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 98,982                            | 38,753    | 23,354    | 735    | 18,261    | 17,869    | -     | - |
| 786  | 39909                              | Other Tangible Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 787  | 39924                              | Other Tangible Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0                                 | -         | -         | -      | -         | -         | -     | - |
| 788  | Total General Plant                |   |                                   | 133,387                           | 52,223    | 31,485    | 991    | 24,808    | 24,080    | -     | - |
| 790  | CWP w/o AFUDC                      |   |                                   | 6.6 P, S, T & D Plant - Commodity | 1,141     | 447       | 269    | 8         | 210       | 206   | - |
| 792  | TOTAL PLANT IN SERVICE - COMMODITY |   |                                   |                                   |           |           |        |           |           |       |   |
| 793  | TOTAL PLANT IN SERVICE - COMMODITY |   |                                   | 6,604,712                         | 3,329,763 | 2,007,467 | 63,193 | 1,668,884 | 1,535,315 | -     | - |
| 794  | TOTAL CWP W/O AFUDC - COMMODITY    |   |                                   |                                   |           |           |        |           |           |       |   |
| 795  | TOTAL CWP W/O AFUDC - COMMODITY    |   |                                   | 226,727                           | 89,768    | 53,617    | 1,685  | 41,828    | 40,930    | -     | - |

Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF PLANT IN SERVICE

| Total Plant in Service |   | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|------------------------|---|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 797                    | Inangible Plant:                          |                   |                  |               |                   |                    |                             |                |                         |
| 798                    | 30100 Organization                        |                   |                  | 8,330         | 5,890             | 1,919              | 4                           | 475            | 41                      |
| 799                    | 30200 Franchises & Consents               |                   |                  | 119,853       | 84,747            | 27,617             | 55                          | 6,842          | 591                     |
| 800                    | 30300 Misc Inangible Plant                |                   |                  | 0             |                   |                    |                             |                |                         |
| 801                    | Total Inangible Plant:                    |                   |                  | 128,183       | 90,637            | 29,537             | 59                          | 7,317          | 633                     |
| 802                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 803                    | Total Inangible Plant:                    |                   |                  | 128,183       | 90,637            | 29,537             | 59                          | 7,317          | 633                     |
| 804                    | Production Plant:                         |                   |                  |               |                   |                    |                             |                |                         |
| 805                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 806                    | 32520 Producing Leaseholds                |                   |                  | 0             |                   |                    |                             |                |                         |
| 807                    | 32540 Rights of Ways                      |                   |                  | 0             |                   |                    |                             |                |                         |
| 808                    | 33100 Production Gas Wells Equipment      |                   |                  | 0             |                   |                    |                             |                |                         |
| 809                    | 33201 Field Lines                         |                   |                  | 0             |                   |                    |                             |                |                         |
| 810                    | 33202 Tributary Lines                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 811                    | 33400 Field Meas. & Reg. Sta. Equip       |                   |                  | 0             |                   |                    |                             |                |                         |
| 812                    | 33600 Purification Equipment              |                   |                  | 0             |                   |                    |                             |                |                         |
| 813                    | Total Production Plant                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 814                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 815                    | Storage Plant:                            |                   |                  |               |                   |                    |                             |                |                         |
| 816                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 817                    | 35010 Land                                |                   |                  | 261,127       | 121,529           | 70,163             | 970                         | 44,795         | 23,570                  |
| 818                    | 35020 Rights of Way                       |                   |                  | 4,682         | 2,181             | 1,258              | 17                          | 803            | 423                     |
| 819                    | 35100 Structures and Improvements         |                   |                  | 17,918        | 8,345             | 4,814              | 67                          | 3,073          | 1,617                   |
| 820                    | 35102 Compression Station Equipment       |                   |                  | 153,281       | 71,387            | 41,180             | 559                         | 26,291         | 13,834                  |
| 821                    | 35103 Meas. & Reg. Sta. Structures        |                   |                  | 23,138        | 10,777            | 6,217              | 86                          | 3,959          | 2,089                   |
| 822                    | 35104 Other Structures                    |                   |                  | 137,443       | 64,019            | 38,930             | 511                         | 23,578         | 12,496                  |
| 823                    | 35200 Wells Rights of Way                 |                   |                  | 9,985,522     | 4,235,549         | 2,443,908          | 33,792                      | 1,589,287      | 829,886                 |
| 824                    | 35201 Well Construction                   |                   |                  | 1,589,989     | 791,832           | 456,779            | 6,316                       | 291,625        | 153,446                 |
| 825                    | 35202 Well Equipment                      |                   |                  | 415,819       | 193,682           | 111,728            | 1,545                       | 71,331         | 37,533                  |
| 826                    | 35203 Cushion Gas                         |                   |                  | 1,694,833     | 789,426           | 455,391            | 6,297                       | 290,739        | 152,880                 |
| 827                    | 35210 Leaseholds                          |                   |                  | 178,530       | 83,156            | 47,970             | 963                         | 30,528         | 16,115                  |
| 828                    | 35211 Storage Rights                      |                   |                  | 54,614        | 25,438            | 14,875             | 203                         | 9,369          | 4,930                   |
| 829                    | 35301 Field Lines                         |                   |                  | 178,497       | 83,141            | 47,961             | 663                         | 30,520         | 16,112                  |
| 830                    | 35302 Tributary Lines                     |                   |                  | 209,458       | 97,582            | 56,280             | 778                         | 35,931         | 19,906                  |
| 831                    | 35400 Compressor Station Equipment        |                   |                  | 923,446       | 430,126           | 248,124            | 3,431                       | 158,412        | 83,353                  |
| 832                    | 35500 Meas. & Reg. Equipment              |                   |                  | 240,883       | 112,199           | 64,724             | 895                         | 41,322         | 21,743                  |
| 833                    | 35600 Purification Equipment              |                   |                  | 414,663       | 193,144           | 111,417            | 1,841                       | 71,133         | 37,429                  |
| 834                    | Total Storage Plant                       |                   |                  | 15,703,831    | 7,314,593         | 4,219,520          | 58,343                      | 2,693,908      | 1,417,469               |
| 835                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 836                    | Transmission:                             |                   |                  |               |                   |                    |                             |                |                         |
| 837                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 838                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 839                    | 36510 Land & Land Rights                  |                   |                  | 26,970        | 14,885            | 8,127              |                             | 4,278          |                         |
| 840                    | 36520 Rights of Way                       |                   |                  | 867,772       | 468,640           | 261,499            |                             | 137,633        |                         |
| 841                    | 36600 Structures & Improvements           |                   |                  | 49,002        | 26,463            | 14,798             |                             | 7,772          |                         |
| 842                    | 36603 Other Structures                    |                   |                  | 60,626        | 32,849            | 18,330             |                             | 9,847          |                         |
| 843                    | 36700 Mains Cathodic Protection           |                   |                  | 185,309       | 100,184           | 55,902             |                             | 29,423         |                         |
| 844                    | 36701 Mains - Steel                       |                   |                  | 27,762,017    | 14,892,859        | 8,365,964          |                             | 4,403,195      |                         |
| 845                    | 36900 Meas. & Reg. Equipment              |                   |                  | 615,022       | 332,142           | 185,334            |                             | 97,546         |                         |
| 846                    | 36901 Meas. & Reg. Equipment              |                   |                  | 2,269,871     | 1,226,843         | 684,016            |                             | 360,013        |                         |
| 847                    | Total Transmission Plant                  |                   |                  | 31,836,990    | 17,193,545        | 9,593,039          | 0                           | 5,049,508      | 0                       |
| 848                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 849                    | Distribution:                             |                   |                  |               |                   |                    |                             |                |                         |
| 850                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 851                    |   |                   |                  |               |                   |                    |                             |                |                         |
| 852                    | 37400 Land & Land Rights                  |                   |                  | 531,167       | 379,304           | 109,193            | 17                          | 42,546         | 107                     |
| 853                    | 37401 Land                                |                   |                  | 37,328        | 26,695            | 7,973              | 1                           | 2,990          | 6                       |
| 854                    | 37402 Land Rights                         |                   |                  | 1,509,932     | 1,077,522         | 510,193            | 49                          | 120,865        | 304                     |
| 855                    | 37403 Land Other                          |                   |                  | 2,784         | 1,988             | 672                | 0                           | 223            | 1                       |
| 856                    | 37500 Structures & Improvements           |                   |                  | 336,168       | 240,058           | 69,106             | 11                          | 26,927         | 68                      |
| 857                    | 37501 Structures & Improvements T.B.      |                   |                  | 99,818        | 71,280            | 20,520             | 3                           | 7,895          | 20                      |
| 858                    | 37502 Land Rights                         |                   |                  | 46,284        | 33,037            | 9,511              | 1                           | 3,706          | 9                       |
| 859                    | 37503 Improvements                        |                   |                  | 4,005         | 2,860             | 823                | 0                           | 321            | 1                       |
| 860                    | 37600 Mains Cathodic Protection           |                   |                  | 20,008,048    | 14,287,666        | 4,113,075          | 647                         | 1,802,633      | 4,028                   |
| 861                    | 37601 Mains - Steel                       |                   |                  | 112,357,721   | 60,234,197        | 20,097,493         | 3,635                       | 6,998,780      | 22,606                  |
| 862                    | 37602 Mains - Plastic                     |                   |                  | 87,163,197    | 69,383,848        | 19,973,939         | 3,143                       | 7,762,717      | 19,549                  |
| 863                    | 37600 Meas. & Reg. Sta. Equip - General   |                   |                  | 7,462,837     | 5,329,182         | 1,834,143          | 241                         | 597,769        | 1,501                   |
| 864                    | 37900 Meas. & Reg. Sta. Equip - City Gate |                   |                  | 3,151,875     | 2,250,741         | 847,394            | 102                         | 282,463        | 634                     |
| 865                    | 37905 Meas. & Reg. Sta. Equipment Y.S.    |                   |                  | 1,303,821     | 895,322           | 286,500            | 45                          | 111,644        | 280                     |
| 866                    | 38000 Services                            |                   |                  | 118,202,045   | 105,214,238       | 12,848,414         | 7,692                       | 82,667         | 47,834                  |
| 867                    | 38100 Meters                              |                   |                  | 34,890,273    | 20,730,610        | 12,818,067         | 57,286                      | 824,957        | 359,350                 |
| 868                    | 38200 Meter Installations                 |                   |                  | 51,632,650    | 30,885,170        | 19,227,083         | 85,206                      | 930,178        | 534,852                 |
| 869                    | 38300 House Regulators                    |                   |                  | 6,425,358     | 5,034,821         | 3,137,450          | 13,914                      | 161,786        | 67,277                  |
| 870                    | 38400 House Reg. Installations            |                   |                  | 154,278       | 92,194            | 67,450             | 255                         | 2,779          | 1,598                   |
| 871                    | 38500 Ind. Meas. & Reg. Sta. Equipment    |                   |                  | 5,433,673     |                   | 5,375,972          | 3,218                       | 34,670         | 20,613                  |
| 872                    | 38600 Other Prop. On Cust. Prem           |                   |                  | 0             |                   |                    |                             |                |                         |
| 873                    | Total Distribution Plant                  |                   |                  | 482,942,338   | 336,240,792       | 103,746,160        | 175,529                     | 21,379,827     | 1,100,037               |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |                                     |  |             |             |             |         |            |           |
|--|-------------------------------------|--|-------------|-------------|-------------|---------|------------|-----------|
| Class Cost of Service - Customer/Demand Study            |                                     |  |             |             |             |         |            |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                     |  |             |             |             |         |            |           |
| ALLOCATION OF PLANT IN SERVICE                           |                                     |  |             |             |             |         |            |           |
| 876  | General:                            |  |             |             |             |         |            |           |
| 877  | -                                   |  |             |             |             |         |            |           |
| 878  | -                                   |  |             |             |             |         |            |           |
| 879  | 38900                               | Land & Land Rights                           | 1,027,350   | 728,438     | 236,728     | 471     | 58,645     | 5,089     |
| 880  | 39000                               | Structures & Improvements                    | 5,235,434   | 3,701,960   | 1,206,382   | 2,400   | 298,869    | 25,834    |
| 881  | 39001                               | Structures Frame                             | 0           | 0           | 0           | 0       | 0          | 0         |
| 882  | 39002                               | Structures-Brick                             | 173,115     | 122,409     | 39,890      | 79      | 8,862      | 854       |
| 883  | 39003                               | Improvements                                 | 709,159     | 601,473     | 163,418     | 325     | 40,484     | 3,650     |
| 884  | 39004                               | Air Conditioning Equipment                   | 7,461       | 5,276       | 1,719       | 3       | 426        | 37        |
| 885  | 39009                               | Improvement to leased Premises               | 1,246,194   | 881,180     | 287,158     | 571     | 71,139     | 6,149     |
| 886  | 39100                               | Office Furniture & Equipment                 | 1,943,487   | 1,374,233   | 447,830     | 891     | 110,942    | 9,690     |
| 887  | 39102                               | Remittance Processing Equip                  | 0           | 0           | 0           | 0       | 0          | 0         |
| 888  | 39103                               | Office Machines                              | 0           | 0           | 0           | 0       | 0          | 0         |
| 889  | 39200                               | Transportation Equipment                     | 362,808     | 256,810     | 83,623      | 166     | 20,716     | 1,791     |
| 890  | 39201                               | Trucks                                       | 0           | 0           | 0           | 0       | 0          | 0         |
| 891  | 39202                               | Trailers                                     | 33,192      | 23,470      | 7,048       | 15      | 1,895      | 164       |
| 892  | 39300                               | Stores Equipment                             | 0           | 0           | 0           | 0       | 0          | 0         |
| 893  | 39400                               | Tools, Shop & Garage Equipment               | 2,554,269   | 1,876,825   | 611,613     | 1,217   | 151,516    | 13,098    |
| 894  | 39500                               | Power Operated Equipment                     | 0           | 0           | 0           | 0       | 0          | 0         |
| 895  | 39603                               | Ditchers                                     | 47,933      | 33,448      | 10,900      | 22      | 2,700      | 233       |
| 896  | 39604                               | Backhoes                                     | 62,747      | 44,388      | 14,459      | 29      | 3,582      | 310       |
| 897  | 39605                               | Welders                                      | 33,236      | 23,501      | 7,658       | 15      | 1,897      | 164       |
| 898  | 39700                               | Communication Equipment                      | 402,999     | 284,959     | 92,661      | 185     | 23,005     | 1,969     |
| 899  | 39701                               | Communication Equipment - Mobile Radios      | 0           | 0           | 0           | 0       | 0          | 0         |
| 900  | 39702                               | Communication Equipment - Fixed Radios       | 0           | 0           | 0           | 0       | 0          | 0         |
| 901  | 39705                               | Communication Equip. - Telemetering          | 0           | 0           | 0           | 0       | 0          | 0         |
| 902  | 39900                               | Miscellaneous Equipment                      | 4,286,652   | 3,032,493   | 868,218     | 1,966   | 244,813    | 21,162    |
| 903  | 39900                               | Other Tangible Property                      | 0           | 0           | 0           | 0       | 0          | 0         |
| 904  | 39901                               | Other Tangible Property - Servers - HW       | 0           | 0           | 0           | 0       | 0          | 0         |
| 905  | 39902                               | Other Tangible Property - Servers - SW       | 0           | 0           | 0           | 0       | 0          | 0         |
| 906  | 39903                               | Other Tangible Property - Network - HW       | 94,708      | 66,969      | 21,823      | 43      | 5,406      | 467       |
| 907  | 39904                               | Other Tang. Property - CPU                   | 0           | 0           | 0           | 0       | 0          | 0         |
| 908  | 39905                               | Other Tangible Property - MP - Hardware      | 0           | 0           | 0           | 0       | 0          | 0         |
| 909  | 39906                               | Other Tang. Property - PC Hardware           | 1,648,719   | 1,164,398   | 379,446     | 765     | 94,001     | 8,128     |
| 910  | 39907                               | Other Tang. Property - PC Software           | 13,752      | 9,724       | 3,169       | 6       | 785        | 68        |
| 911  | 39908                               | Other Tang. Property - Mainframe SW          | 123,515     | 87,337      | 28,461      | 57      | 7,051      | 609       |
| 912  | 39909                               | Other Tang. Property - Application Software  | 0           | 0           | 0           | 0       | 0          | 0         |
| 913  | 39924                               | Other Tang. Property - General Startup Costs | 0           | 0           | 0           | 0       | 0          | 0         |
| 914  | Total, General Plant                |  |             |             |             |         |            |           |
| 915  |                                     |  | 20,106,234  | 14,217,056  | 4,633,005   | 9,217   | 1,147,742  | 99,215    |
| 916  | TOTAL DIRECT PLANT                  |  |             |             |             |         |            |           |
| 917  |                                     |  | 530,417,672 | 375,058,623 | 122,222,150 | 243,148 | 30,278,298 | 2,617,393 |
| 918  | CWIP w/o AFUDC                      |  |             |             |             |         |            |           |
| 919  |                                     |  | 14,123,020  | 9,866,344   | 3,254,316   | 6,474   | 808,197    | 69,690    |
| 920  | Kentucky Mid-States General Office: |  |             |             |             |         |            |           |
| 921  | Intangible Plant:                   |  |             |             |             |         |            |           |
| 922  | -                                   |  |             |             |             |         |            |           |
| 923  | -                                   |  |             |             |             |         |            |           |
| 924  | -                                   |  |             |             |             |         |            |           |
| 925  | 30100                               | Organization                                 | 90,869      | 64,324      | 20,962      | 42      | 5,193      | 449       |
| 926  | 30200                               | Franchisees & Consents                       | 0           | 0           | 0           | 0       | 0          | 0         |
| 927  | 30300                               | Misc Intangible Plant                        | 544,684     | 385,144     | 125,510     | 250     | 31,093     | 2,689     |
| 928  | Total Intangible Plant:             |  |             |             |             |         |            |           |
| 929  |                                     |  | 635,653     | 449,468     | 146,471     | 291     | 36,286     | 3,137     |
| 930  | General:                            |  |             |             |             |         |            |           |
| 931  | -                                   |  |             |             |             |         |            |           |
| 932  | -                                   |  |             |             |             |         |            |           |
| 933  | 37400                               | Land & Land Rights                           | 0           | 0           | 0           | 0       | 0          | 0         |
| 934  | 39001                               | Structures Frame                             | 88,638      | 62,251      | 20,286      | 40      | 5,026      | 434       |
| 935  | 39002                               | Structures & Improvements                    | 0           | 0           | 0           | 0       | 0          | 0         |
| 936  | 38900                               | Land & Land Rights                           | 0           | 0           | 0           | 0       | 0          | 0         |
| 937  | 39004                               | Air Conditioning Equipment                   | 2,833       | 2,003       | 653         | 1       | 182        | 14        |
| 938  | 39009                               | Improvement to leased Premises               | 75,707      | 53,532      | 17,445      | 35      | 4,322      | 374       |
| 939  | 39100                               | Office Furniture & Equipment                 | 20,938      | 14,806      | 4,825       | 10      | 1,195      | 103       |
| 940  | 39102                               | Remittance Processing Equip                  | 0           | 0           | 0           | 0       | 0          | 0         |
| 941  | 39103                               | Office Machines                              | 0           | 0           | 0           | 0       | 0          | 0         |
| 942  | 39200                               | Transportation Equipment                     | 2,017       | 1,427       | 465         | 1       | 115        | 10        |
| 943  | 39201                               | Trucks                                       | 0           | 0           | 0           | 0       | 0          | 0         |
| 944  | 39202                               | Trailers                                     | 0           | 0           | 0           | 0       | 0          | 0         |
| 945  | 39300                               | Stores Equipment                             | 0           | 0           | 0           | 0       | 0          | 0         |
| 946  | 39400                               | Tools, Shop & Garage Equipment               | 80,365      | 58,828      | 18,518      | 37      | 4,586      | 397       |
| 947  | 39500                               | Power Operated Equipment                     | 5,418       | 3,631       | 1,248       | 2       | 309        | 27        |
| 948  | 39603                               | Ditchers                                     | 0           | 0           | 0           | 0       | 0          | 0         |
| 949  | 39604                               | Backhoes                                     | 0           | 0           | 0           | 0       | 0          | 0         |
| 950  | 39605                               | Welders                                      | 0           | 0           | 0           | 0       | 0          | 0         |
| 951  | 39700                               | Communication Equipment                      | 110,759     | 78,314      | 25,621      | 51      | 6,322      | 547       |
| 952  | 39701                               | Communication Equipment - Mobile Radios      | 0           | 0           | 0           | 0       | 0          | 0         |
| 953  | 39702                               | Communication Equipment - Fixed Radios       | 0           | 0           | 0           | 0       | 0          | 0         |
| 954  | 39705                               | Communication Equip. - Telemetering          | 0           | 0           | 0           | 0       | 0          | 0         |
| 955  | 39900                               | Miscellaneous Equipment                      | 433,090     | 306,238     | 99,795      | 199     | 24,722     | 2,137     |
| 956  | 39900                               | Other Tangible Property                      | 37,795      | 26,726      | 8,709       | 17      | 2,158      | 187       |
| 957  | 39901                               | Other Tangible Property - Servers - HW       | 195,968     | 119,475     | 38,934      | 77      | 9,645      | 834       |
| 958  | 39902                               | Other Tangible Property - Servers - SW       | 4,061       | 2,872       | 936         | 2       | 232        | 20        |
| 959  | 39903                               | Other Tangible Property - Network - HW       | 102,775     | 72,672      | 23,682      | 47      | 5,867      | 507       |
| 960  | 39904                               | Other Tang. Property - CPU                   | 0           | 0           | 0           | 0       | 0          | 0         |
| 961  | 39905                               | Other Tangible Property - MP - Hardware      | 0           | 0           | 0           | 0       | 0          | 0         |
| 962  | 39906                               | Other Tang. Property - PC Hardware           | 159,583     | 112,841     | 35,772      | 73      | 8,110      | 787       |
| 963  | 39907                               | Other Tang. Property - PC Software           | 36,759      | 25,992      | 8,470       | 17      | 2,098      | 181       |
| 964  | 39908                               | Other Tang. Property - Mainframe SW          | 441,065     | 311,675     | 101,633     | 202     | 25,178     | 2,176     |
| 965  | 39909                               | Other Tang. Property - Application Software  | 0           | 0           | 0           | 0       | 0          | 0         |
| 966  | 39924                               | Other Tang. Property - General Startup Costs | 0           | 0           | 0           | 0       | 0          | 0         |
| 967  | Total General Plant                 |  |             |             |             |         |            |           |
| 968  |                                     |  | 1,770,167   | 1,251,679   | 407,693     | 611     | 101,048    | 8,735     |
| 969  | CWIP w/o AFUDC                      |  |             |             |             |         |            |           |
| 970  |                                     |  | (85,660)    | (60,570)    | (19,738)    | (39)    | (4,890)    | (423)     |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |       |  |             |             |             |         |            |
|--|-------|--|-------------|-------------|-------------|---------|------------|
| Class Cost of Service - Customer/Demand Study            |       |  |             |             |             |         |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |             |             |             |         |            |
| ALLOCATION OF PLANT IN SERVICE                           |       |  |             |             |             |         |            |
| 971  |       |  |             |             |             |         |            |
| 972  |       | Shared Services General Office:              |             |             |             |         |            |
| 973  |       | General:                                     |             |             |             |         |            |
| 974  |       |  |             |             |             |         |            |
| 975  |       |  |             |             |             |         |            |
| 976  | 37400 | Land & Land Rights                           | 0           | -           | -           | -       | -          |
| 977  | 39001 | Structures Frame                             | 0           | -           | -           | -       | -          |
| 978  | 36522 | Structures & Improvements                    | 264,248     | 186,849     | 80,890      | 121     | 15,084     |
| 979  | 37503 | Improvements                                 | 0           | -           | -           | -       | -          |
| 980  | 39004 | Air Conditioning Equipment                   | 0           | -           | -           | -       | -          |
| 981  | 39009 | Improvement to leased Premises               | 507,647     | 358,956     | 116,975     | 233     | 28,978     |
| 982  | 39100 | Office Furniture & Equipment                 | 591,034     | 417,918     | 136,100     | 271     | 33,739     |
| 983  | 39102 | Remittance Processing Equip                  | 0           | -           | -           | -       | -          |
| 984  | 39103 | Office Machines                              | 0           | -           | -           | -       | -          |
| 985  | 39200 | Transportation Equipment                     | 5,437       | 3,945       | 1,253       | 2       | 310        |
| 986  | 39201 | Trucks                                       | 0           | -           | -           | -       | -          |
| 987  | 39202 | Trailers                                     | 0           | -           | -           | -       | -          |
| 988  | 39300 | Stores Equipment                             | 0           | -           | -           | -       | -          |
| 989  | 39400 | Tools, Shop & Garage Equipment               | 84,202      | 58,539      | 19,402      | 39      | 4,807      |
| 990  | 39600 | Power Operated Equipment                     | 1,242       | 879         | 266         | 1       | 71         |
| 991  | 39603 | Ditchers                                     | 0           | -           | -           | -       | -          |
| 992  | 39604 | Backhoes                                     | 0           | -           | -           | -       | -          |
| 993  | 39605 | Welders                                      | 0           | -           | -           | -       | -          |
| 994  | 39700 | Communication Equipment                      | 133,888     | 94,672      | 30,851      | 61      | 7,543      |
| 995  | 39701 | Communication Equipment - Mobile Radios      | 0           | -           | -           | -       | -          |
| 996  | 39702 | Communication Equipment - Fixed Radios       | 0           | -           | -           | -       | -          |
| 997  | 39705 | Communication Equip. - Telemetering          | 0           | -           | -           | -       | -          |
| 998  | 39800 | Miscellaneous Equipment                      | 28,914      | 20,445      | 6,682       | 13      | 1,551      |
| 999  | 39900 | Other Tangible Property                      | 8,838       | 6,249       | 2,037       | 4       | 505        |
| 1000   | 39901 | Other Tangible Property - Servers - HW       | 1,652,373   | 1,168,388   | 380,750     | 757     | 94,324     |
| 1001   | 39902 | Other Tangible Property - Servers - SW       | 1,013,025   | 716,307     | 233,428     | 464     | 57,827     |
| 1002   | 39903 | Other Tangible Property - Network - HW       | 178,623     | 126,304     | 41,159      | 82      | 10,195     |
| 1003   | 39904 | Other Tang. Property - CPU                   | 0           | -           | -           | -       | -          |
| 1004   | 39905 | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -       | -          |
| 1005   | 39906 | Other Tang. Property - PC Hardware           | 119,949     | 84,815      | 27,639      | 55      | 6,847      |
| 1006   | 39907 | Other Tang. Property - PC Software           | 36,079      | 25,509      | 8,313       | 17      | 2,059      |
| 1007   | 39908 | Other Tang. Property - Mainframe SW          | 6,431,595   | 4,547,761   | 1,482,009   | 2,948   | 367,140    |
| 1008   | 39909 | Other Tang. Property - Application Software  | 51,664      | 36,531      | 11,905      | 24      | 2,949      |
| 1009   | 39924 | Other Tang. Property - General Startup Costs | 0           | -           | -           | -       | -          |
| 1010   |       |  |             |             |             |         |            |
| 1011   |       | Total General Plant                          | 11,108,756  | 7,854,967   | 2,859,749   | 5,092   | 634,131    |
| 1012   |       |  |             |             |             |         |            |
| 1013   |       | CWP w/o AFUDC                                | 620,248     | 436,576     | 142,921     | 284     | 35,406     |
| 1014   |       |  |             |             |             |         |            |
| 1015   |       | Shared Services Customer Support:            |             |             |             |         |            |
| 1016   |       | General:                                     |             |             |             |         |            |
| 1017   |       |  |             |             |             |         |            |
| 1018   |       |  |             |             |             |         |            |
| 1019   | 37400 | Land & Land Rights                           | 184,639     | 130,658     | 42,548      | 65      | 10,540     |
| 1020   | 39001 | Structures Frame                             | 0           | -           | -           | -       | -          |
| 1021   | 36502 | Structures & Improvements                    | 537,694     | 592,324     | 193,025     | 384     | 47,818     |
| 1022   | 37503 | Improvements                                 | 0           | -           | -           | -       | -          |
| 1023   | 39004 | Air Conditioning Equipment                   | 0           | -           | -           | -       | -          |
| 1024   | 39009 | Improvement to leased Premises               | 245,537     | 173,619     | 58,578      | 113     | 14,018     |
| 1025   | 39100 | Office Furniture & Equipment                 | 130,678     | 92,402      | 30,112      | 60      | 7,460      |
| 1026   | 39102 | Remittance Processing Equip                  | 0           | -           | -           | -       | -          |
| 1027   | 39103 | Office Machines                              | 0           | -           | -           | -       | -          |
| 1028   | 39200 | Transportation Equipment                     | 0           | -           | -           | -       | -          |
| 1029   | 39201 | Trucks                                       | 0           | -           | -           | -       | -          |
| 1030   | 39202 | Trailers                                     | 0           | -           | -           | -       | -          |
| 1031   | 39300 | Stores Equipment                             | 0           | -           | -           | -       | -          |
| 1032   | 39400 | Tools, Shop & Garage Equipment               | 0           | -           | -           | -       | -          |
| 1033   | 39600 | Power Operated Equipment                     | 0           | -           | -           | -       | -          |
| 1034   | 39603 | Ditchers                                     | 0           | -           | -           | -       | -          |
| 1035   | 39604 | Backhoes                                     | 0           | -           | -           | -       | -          |
| 1036   | 39605 | Welders                                      | 0           | -           | -           | -       | -          |
| 1037   | 39700 | Communication Equipment                      | 115,063     | 81,261      | 26,514      | 53      | 6,568      |
| 1038   | 39701 | Communication Equipment - Mobile Radios      | 0           | -           | -           | -       | -          |
| 1039   | 39702 | Communication Equipment - Fixed Radios       | 0           | -           | -           | -       | -          |
| 1040   | 39705 | Communication Equip. - Telemetering          | 0           | -           | -           | -       | -          |
| 1041   | 39800 | Miscellaneous Equipment                      | 3,475       | 2,459       | 801         | 2       | 106        |
| 1042   | 39900 | Other Tangible Property                      | 38,937      | 26,118      | 8,511       | 17      | 2,168      |
| 1043   | 39901 | Other Tangible Property - Servers - HW       | 468,809     | 331,564     | 108,049     | 215     | 26,767     |
| 1044   | 39902 | Other Tangible Property - Servers - SW       | 104,855     | 74,150      | 24,164      | 48      | 5,896      |
| 1045   | 39903 | Other Tangible Property - Network - HW       | 30,067      | 25,503      | 8,311       | 17      | 2,059      |
| 1046   | 39904 | Other Tang. Property - CPU                   | 0           | -           | -           | -       | -          |
| 1047   | 39905 | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -       | -          |
| 1048   | 39906 | Other Tang. Property - PC Hardware           | 59,881      | 42,342      | 13,798      | 27      | 3,416      |
| 1049   | 39907 | Other Tang. Property - PC Software           | 11,765      | 8,319       | 2,711       | 5       | 672        |
| 1050   | 39908 | Other Tang. Property - Mainframe SW          | 6,431,390   | 4,547,816   | 1,481,991   | 2,948   | 367,129    |
| 1051   | 39909 | Other Tang. Property - Application Software  | 0           | -           | -           | -       | -          |
| 1052   | 39924 | Other Tang. Property - General Startup Costs | 0           | -           | -           | -       | -          |
| 1053   |       |  |             |             |             |         |            |
| 1054   |       | Total General Plant                          | 8,666,892   | 6,128,333   | 1,997,080   | 3,673   | 494,740    |
| 1055   |       |  |             |             |             |         |            |
| 1056   |       | CWP w/o AFUDC                                | 74,130      | 52,417      | 17,062      | 34      | 4,232      |
| 1057   |       |  |             |             |             |         |            |
| 1058   |       | TOTAL PLANT IN SERVICE                       | 582,599,040 | 390,741,071 | 127,333,343 | 253,316 | 31,544,502 |
| 1059   |       |  |             |             |             |         |            |
| 1060   |       | TOTAL CWP W/O AFUDC                          | 14,731,739  | 10,416,767  | 3,394,580   | 6,753   | 840,945    |

Almos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Test Period, Twelve Months Ended May 31, 2017

ALLOCATION OF RESERVE FOR DEPRECIATION

| Line No. | Acct. No. | Customer                            | Allocation Factor | Allocation Basis             | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-----------|-------------------------------------|-------------------|------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 1        |           | Intangible Plant:                   |                   |                              |               |                   |                    |                             |                |                         |
| 2        |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 3        | 30100     | Organization                        | 6.2               | P, S, T & D Plant - Customer | 5,550         | 4,408             | 1,660              | 3                           | 31             | 18                      |
| 4        | 30200     | Franchise & Consents                | 6.2               | P, S, T & D Plant - Customer | 79,850        | 63,419            | 15,693             | 41                          | 449            | 258                     |
| 5        | 30300     | Misc Intangible Plant               | 00.0              |                              | 0             |                   |                    |                             |                |                         |
| 6        |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 7        |           | Total Intangible Plant:             |                   |                              | 85,599        | 67,827            | 16,773             | 44                          | 480            | 276                     |
| 8        |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 9        |           | Production Plant:                   |                   |                              |               |                   |                    |                             |                |                         |
| 10       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 11       | 32520     | Producing Leaseholds                | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 12       | 32540     | Rights of Ways                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 13       | 33100     | Production Gas Wells Equipment      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 14       | 33201     | Field Lines                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 15       | 33202     | Tributary Lines                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 16       | 33400     | Field Meas. & Reg. Sta. Equip       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 17       | 33600     | Purification Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 18       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 19       |           | Total Production Plant              |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 20       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 21       |           | Storage Plant:                      |                   |                              |               |                   |                    |                             |                |                         |
| 22       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 23       | 35010     | Land                                | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 24       | 35020     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 25       | 35100     | Structures and Improvements         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 26       | 35102     | Compression Station Equipment       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 27       | 35103     | Meas. & Reg. Sta. Structures        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 28       | 35104     | Other Structures                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 29       | 35200     | Wells - Rights of Way               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 30       | 35201     | Well Construction                   | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 31       | 35202     | Well Equipment                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 32       | 35203     | Cushion Gas                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 33       | 35210     | Leaseholds                          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 34       | 35211     | Storage Rights                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 35       | 35301     | Field Lines                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 36       | 35302     | Tributary Lines                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 37       | 35400     | Compressor Station Equipment        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 38       | 35500     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 39       | 35600     | Purification Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 40       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 41       |           | Total Storage Plant                 |                   |                              | 0             |                   |                    |                             |                |                         |
| 42       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 43       |           | Transmission:                       |                   |                              |               |                   |                    |                             |                |                         |
| 44       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 45       | 36510     | Land & Land Rights                  | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 46       | 36520     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 47       | 36602     | Structures & Improvements           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 48       | 36603     | Other Structures                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 49       | 36704     | Mains - Cathodic Protection         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 50       | 36701     | Mains - Steel                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 51       | 36800     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 52       | 36901     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 53       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 54       |           | Total Transmission Plant            |                   |                              | 0             |                   |                    |                             |                |                         |
| 55       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 56       |           | Distribution:                       |                   |                              |               |                   |                    |                             |                |                         |
| 57       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 58       | 37400     | Land & Land Rights                  | 2.0               | Bills                        | (0)           | (0)               | (0)                | (0)                         | (0)            | (0)                     |
| 59       | 37401     | Land                                | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 60       | 37402     | Land Rights                         | 2.0               | Bills                        | 59,784        | 53,215            | 6,499              | 4                           | 42             | 24                      |
| 61       | 37403     | Land Other                          | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 62       | 37500     | Structures & Improvements           | 2.0               | Bills                        | 46,277        | 41,192            | 5,031              | 3                           | 32             | 19                      |
| 63       | 37501     | Structures & Improvements T.B.      | 2.0               | Bills                        | 31,256        | 27,622            | 3,398              | 2                           | 22             | 13                      |
| 64       | 37502     | Land Rights                         | 2.0               | Bills                        | 15,769        | 14,036            | 1,714              | 1                           | 11             | 6                       |
| 65       | 37503     | Improvements                        | 2.0               | Bills                        | 819           | 729               | 89                 | 0                           | 1              | 0                       |
| 66       | 37600     | Mains - Cathodic Protection         | 2.0               | Bills                        | 6,246,345     | 5,560,009         | 679,023            | 466                         | 4,379          | 2,526                   |
| 67       | 37601     | Mains - Steel                       | 2.0               | Bills                        | 12,679,625    | 11,286,991        | 1,378,388          | 825                         | 6,880          | 5,131                   |
| 68       | 37602     | Mains - Plastic                     | 2.0               | Bills                        | 7,124,722     | 6,341,871         | 774,509            | 464                         | 4,995          | 2,863                   |
| 69       | 37600     | Meas. & Reg. Sta. Equip - General   | 2.0               | Bills                        | 1,013,631     | 922,256           | 110,189            | 66                          | 711            | 410                     |
| 70       | 37600     | Meas. & Reg. Sta. Equip - City Gate | 2.0               | Bills                        | 316,608       | 281,820           | 34,418             | 21                          | 222            | 128                     |
| 71       | 37605     | Meas. & Reg. Sta. Equipment T.B.    | 2.0               | Bills                        | 433,768       | 386,104           | 47,153             | 28                          | 304            | 176                     |
| 72       | 38000     | Services                            | 2.0               | Bills                        | 41,215,363    | 36,686,701        | 4,480,407          | 2,682                       | 28,895         | 16,679                  |
| 73       | 38100     | Meters                              | 4.0               | Meter Investment             | 17,354,749    | 10,371,050        | 6,462,613          | 28,660                      | 312,652        | 179,775                 |
| 74       | 38200     | Meter Installations                 | 4.0               | Meter Investment             | 22,442,436    | 13,411,408        | 8,357,191          | 37,062                      | 404,308        | 232,477                 |
| 75       | 38300     | House Regulators                    | 4.0               | Meter Investment             | 3,359,846     | 2,031,123         | 1,265,673          | 6,613                       | 61,231         | 35,208                  |
| 76       | 38400     | House Reg. Installations            | 4.0               | Meter Investment             | 76,950        | 45,981            | 28,659             | 127                         | 1,386          | 797                     |
| 77       | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 2.2               | Non-Residential Bills        | 2,791,805     |                   |                    | 1,653                       | 17,813         | 10,282                  |
| 78       | 38600     | Other Prop. On Cust. Prem.          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 79       |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 80       |           | Total Distribution Plant            |                   |                              | 115,248,004   | 87,441,917        | 26,397,000         | 77,617                      | 945,693        | 486,537                 |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |  |                                  |             |             |            |         |          |          |   |
|--|--|----------------------------------|-------------|-------------|------------|---------|----------|----------|---|
| Class Cost of Service - Customer/Demand Study            |  |                                  |             |             |            |         |          |          |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                                  |             |             |            |         |          |          |   |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |                                  |             |             |            |         |          |          |   |
| 81   | General:   |                                  |             |             |            |         |          |          |   |
| 82   |  |                                  |             |             |            |         |          |          |   |
| 83   |  |                                  |             |             |            |         |          |          |   |
| 84   | 39000 Land & Land Rights                           | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 85   | 39000 Structures Frame                             | 6.2 P, S, T & D Plant - Customer | 126,197     | 160,227     | 24,786     | 65      | 710      | 408      | - |
| 86   | 39001 Structures & Improvements                    | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 87   | 39002 Improvements                                 | 6.2 P, S, T & D Plant - Customer | 44,174      | 36,084      | 8,078      | 23      | 249      | 143      | - |
| 88   | 39003 Air Conditioning Equipment                   | 6.2 P, S, T & D Plant - Customer | 111,059     | 88,197      | 22,811     | 57      | 625      | 358      | - |
| 89   | 39004 Improvement to Leased Premises               | 6.2 P, S, T & D Plant - Customer | 1,713       | 1,350       | 338        | 1       | 10       | 6        | - |
| 90   | 39009 Office Furniture & Equipment                 | 6.2 P, S, T & D Plant - Customer | 604,755     | 480,306     | 118,777    | 312     | 3,402    | 1,957    | - |
| 91   | 39100 Remittance Processing Equip                  | 6.2 P, S, T & D Plant - Customer | 458,126     | 382,282     | 89,586     | 236     | 2,588    | 1,478    | - |
| 92   | 39102 Office Machines                              | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 93   | 39103 Transportation Equipment                     | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 94   | 39200 Trucks                                       | 6.2 P, S, T & D Plant - Customer | 116,998     | 92,922      | 22,979     | 60      | 658      | 379      | - |
| 95   | 39201 Trailers                                     | 6.2 P, S, T & D Plant - Customer | 20,208      | 18,046      | 3,969      | 10      | 114      | 65       | - |
| 96   | 39202 Stores Equipment                             | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 97   | 39300 Tools, Shop & Garage Equipment               | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 98   | 39400 Power Operated Equipment                     | 6.2 P, S, T & D Plant - Customer | 412,853     | 327,694     | 81,087     | 213     | 2,323    | 1,338    | - |
| 99   | 39500 Ditchers                                     | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 100  | 39503 Backhoes                                     | 6.2 P, S, T & D Plant - Customer | 21,703      | 17,237      | 4,263      | 11      | 122      | 70       | - |
| 101  | 39604 Welders                                      | 6.2 P, S, T & D Plant - Customer | 32,139      | 25,525      | 6,312      | 17      | 181      | 104      | - |
| 102  | 39505 Communication Equipment                      | 6.2 P, S, T & D Plant - Customer | 14,799      | 11,764      | 2,907      | 8       | 83       | 48       | - |
| 103  | 39700 Communication Equipment - Mobile Radios      | 6.2 P, S, T & D Plant - Customer | 95,740      | 76,038      | 18,804     | 49      | 539      | 310      | - |
| 104  | 39701 Communication Equipment - Fixed Radios       | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 105  | 39702 Communication Equip. - Telemetry             | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 106  | 39705 Miscellaneous Equipment                      | 6.2 P, S, T & D Plant - Customer | (23,253)    | (18,468)    | (4,567)    | (12)    | (131)    | (75)     | - |
| 107  | 39800 Other Tangible Property                      | 6.2 P, S, T & D Plant - Customer | 808,078     | 641,788     | 158,711    | 417     | 4,546    | 2,615    | - |
| 108  | 39900 Other Tangible Property - Servers - HW       | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 109  | 39901 Other Tangible Property - Servers - SW       | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 110  | 39902 Other Tangible Property - Network - HW       | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 111  | 39903 Other Tang. Property - CPU                   | 6.2 P, S, T & D Plant - Customer | 14,561      | 11,585      | 2,860      | 8       | 82       | 47       | - |
| 112  | 39904 Other Tangible Property - MF - Hardware      | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 113  | 39905 Other Tang. Property - PC Hardware           | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 114  | 39906 Other Tang. Property - PC Software           | 6.2 P, S, T & D Plant - Customer | 325,249     | 258,219     | 63,881     | 168     | 1,830    | 1,053    | - |
| 115  | 39907 Other Tang. Property - Mainframe SW          | 6.2 P, S, T & D Plant - Customer | 9,162       | 7,278       | 1,790      | 5       | 62       | 30       | - |
| 116  | 39908 Other Tang. Property - Application Software  | 6.2 P, S, T & D Plant - Customer | 82,290      | 65,356      | 16,162     | 42      | 453      | 266      | - |
| 117  | 39909 Other Tang. Property - General Startup Costs | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 118  | Retirement Work In Progress                        | AR 15 general plant amortization | (4,630,633) | (3,689,778) | (907,519)  | (2,388) | (25,998) | (14,954) | - |
| 119  |  |                                  | 391,781     | 311,156     | 76,948     | 202     | 2,204    | 1,288    | - |
| 120  |  |                                  |             |             |            |         |          |          |   |
| 121  | Total General Plant                                |                                  | (954,312)   | (767,929)   | (187,432)  | (493)   | (5,369)  | (3,088)  | - |
| 122  |  |                                  |             |             |            |         |          |          |   |
| 123  | TOTAL DIRECT RESERVE FOR DEPRECIATION              |                                  | 114,880,051 | 86,751,813  | 26,226,341 | 77,189  | 841,005  | 483,725  | - |
| 124  |  |                                  |             |             |            |         |          |          |   |
| 125  | Kentucky Mid-States General Office:                |                                  |             |             |            |         |          |          |   |
| 126  |  |                                  |             |             |            |         |          |          |   |
| 127  | Intangible Plant:                                  |                                  |             |             |            |         |          |          |   |
| 128  |  |                                  |             |             |            |         |          |          |   |
| 129  | 30100 Organization                                 | 99.0                             | 0           | -           | -          | -       | -        | -        | - |
| 130  | 30200 Franchises & Consents                        | 99.0                             | 0           | -           | -          | -       | -        | -        | - |
| 131  | 30300 Misc Intangible Plant                        | 99.0                             | 0           | -           | -          | -       | -        | -        | - |
| 132  |  |                                  |             |             |            |         |          |          |   |
| 133  | Total Intangible Plant:                            |                                  | 0           | -           | -          | -       | -        | -        | - |
| 134  |  |                                  |             |             |            |         |          |          |   |
| 135  | General:   |                                  |             |             |            |         |          |          |   |
| 136  |  |                                  |             |             |            |         |          |          |   |
| 137  | 37400 Land & Land Rights                           | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 138  | 39001 Structures Frame                             | 6.2 P, S, T & D Plant - Customer | 20,250      | 24,025      | 5,841      | 16      | 170      | 98       | - |
| 139  | 39002 Structures & Improvements                    | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 140  | 39000 Land & Land Rights                           | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 141  | 39004 Air Conditioning Equipment                   | 6.2 P, S, T & D Plant - Customer | 2,076       | 1,649       | 408        | 1       | 12       | 7        | - |
| 142  | 39009 Improvement to Leased Premises               | 6.2 P, S, T & D Plant - Customer | 13,737      | 10,910      | 2,688      | 7       | 77       | 44       | - |
| 143  | 39100 Office Furniture & Equipment                 | 6.2 P, S, T & D Plant - Customer | 13,867      | 11,013      | 2,724      | 7       | 78       | 45       | - |
| 144  | 39102 Remittance Processing Equip                  | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 145  | 39103 Office Machines                              | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 146  | 39200 Transportation Equipment                     | 6.2 P, S, T & D Plant - Customer | 1,344       | 1,068       | 264        | 1       | 8        | 4        | - |
| 147  | 39201 Trucks                                       | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 148  | 39202 Trailers                                     | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 149  | 39300 Stores Equipment                             | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 150  | 39400 Tools, Shop & Garage Equipment               | 6.2 P, S, T & D Plant - Customer | 46,908      | 37,255      | 9,213      | 24      | 264      | 152      | - |
| 151  | 39500 Power Operated Equipment                     | 6.2 P, S, T & D Plant - Customer | 1,847       | 1,487       | 363        | 1       | 10       | 6        | - |
| 152  | 39503 Ditchers                                     | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 153  | 39604 Backhoes                                     | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 154  | 39605 Welders                                      | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 155  | 39700 Communication Equipment                      | 6.2 P, S, T & D Plant - Customer | 73,271      | 58,193      | 14,391     | 38      | 412      | 237      | - |
| 156  | 39701 Communication Equipment - Mobile Radios      | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 157  | 39702 Communication Equipment - Fixed Radios       | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 158  | 39705 Communication Equip. - Telemetry             | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 159  | 39800 Miscellaneous Equipment                      | 6.2 P, S, T & D Plant - Customer | 213,068     | 169,222     | 41,846     | 110     | 1,199    | 690      | - |
| 160  | 39900 Other Tangible Property                      | 6.2 P, S, T & D Plant - Customer | 25,181      | 18,999      | 4,946      | 13      | 142      | 81       | - |
| 161  | 39901 Other Tangible Property - Servers - HW       | 6.2 P, S, T & D Plant - Customer | 107,711     | 85,545      | 21,165     | 58      | 606      | 349      | - |
| 162  | 39902 Other Tangible Property - Servers - SW       | 6.2 P, S, T & D Plant - Customer | 2,708       | 2,149       | 531        | 1       | 16       | 9        | - |
| 163  | 39903 Other Tangible Property - Network - HW       | 6.2 P, S, T & D Plant - Customer | 66,472      | 54,391      | 13,448     | 35      | 385      | 222      | - |
| 164  | 39904 Other Tang. Property - CPU                   | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 165  | 39905 Other Tangible Property - MF - Hardware      | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 166  | 39906 Other Tang. Property - PC Hardware           | 6.2 P, S, T & D Plant - Customer | 106,320     | 84,441      | 20,862     | 55      | 598      | 344      | - |
| 167  | 39907 Other Tang. Property - PC Software           | 6.2 P, S, T & D Plant - Customer | 19,303      | 15,331      | 3,791      | 10      | 109      | 62       | - |
| 168  | 39908 Other Tang. Property - Mainframe SW          | 6.2 P, S, T & D Plant - Customer | 293,851     | 233,381     | 57,714     | 152     | 1,653    | 951      | - |
| 169  | 39909 Other Tang. Property - Application Software  | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 170  | 39924 Other Tang. Property - General Startup Costs | 6.2 P, S, T & D Plant - Customer | 0           | -           | -          | -       | -        | -        | - |
| 171  | Retirement Work In Progress                        | 6.2 P, S, T & D Plant - Customer | 18,808      | 14,857      | 3,694      | 10      | 106      | 61       | - |
| 172  |  |                                  |             |             |            |         |          |          |   |
| 173  | Total General Plant                                |                                  | 1,039,720   | 824,967     | 204,011    | 539     | 5,844    | 3,362    | - |

| Alcoa Energy Corporation, Kentucky/Mid-States Division   |  |                                   |             |            |            |         |
|--|--|-----------------------------------|-------------|------------|------------|---------|
| Class Cost of Service - Customer Demand Study            |  |                                   |             |            |            |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                                   |             |            |            |         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |                                   |             |            |            |         |
| 174  |  |                                   |             |            |            |         |
| 175  | Shared Services General Office:                    |                                   |             |            |            |         |
| 176  | General:   |                                   |             |            |            |         |
| 177  |  |                                   |             |            |            |         |
| 178  |  |                                   |             |            |            |         |
| 179  | 37400 Land & Land Rights                           | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 180  | 39000 Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 55,959      | 44,443     | 10,991     | 29      |
| 181  | 39602 Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 315     |
| 182  | 37503 Improvements                                 | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 161     |
| 183  | 39004 Air Conditioning Equipment                   | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 184  | 39009 Improvement to leased Premises               | 6.2, P, S, T & D Plant - Customer | 328,428     | 260,843    | 64,505     | 170     |
| 185  | 39100 Office Furniture & Equipment                 | 6.2, P, S, T & D Plant - Customer | 229,177     | 182,018    | 45,012     | 118     |
| 186  | 39102 Remittance Processing Equip                  | 6.2, P, S, T & D Plant - Customer | 205         | 163        | 40         | 0       |
| 187  | 39103 Office Machines                              | 6.2, P, S, T & D Plant - Customer | 101         | 80         | 20         | 0       |
| 188  | 39200 Transportation Equipment                     | 6.2, P, S, T & D Plant - Customer | 3,924       | 2,879      | 712        | 2       |
| 189  | 39201 Trucks                                       | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 20      |
| 190  | 39202 Trailers                                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 12      |
| 191  | 39300 Stores Equipment                             | 6.2, P, S, T & D Plant - Customer | 27          | 21         | 5          | 0       |
| 192  | 39400 Tools, Shop & Garage Equipment               | 6.2, P, S, T & D Plant - Customer | 7,887       | 6,272      | 1,551      | 4       |
| 193  | 39600 Power Operated Equipment                     | 6.2, P, S, T & D Plant - Customer | 380         | 307        | 76         | 0       |
| 194  | 39603 Ditchers                                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 2       |
| 195  | 39604 Backhoes                                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 1       |
| 196  | 39605 Welders                                      | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 197  | 39700 Communication Equipment                      | 6.2, P, S, T & D Plant - Customer | 50,108      | 39,796     | 9,841      | 26      |
| 198  | 39701 Communication Equipment - Mobile Radios      | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 282     |
| 199  | 39702 Communication Equipment - Fixed Radios       | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 162     |
| 200  | 39705 Communication Equip. - Telemetering          | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 201  | 39800 Miscellaneous Equipment                      | 6.2, P, S, T & D Plant - Customer | 4,919       | 3,907      | 986        | 3       |
| 202  | 39900 Other Tangible Property                      | 6.2, P, S, T & D Plant - Customer | 4,891       | 3,884      | 961        | 9       |
| 203  | 39901 Other Tangible Property - Servers - HW       | 6.2, P, S, T & D Plant - Customer | 311,671     | 247,534    | 61,214     | 161     |
| 204  | 39902 Other Tangible Property - Servers - SW       | 6.2, P, S, T & D Plant - Customer | 319,641     | 253,664    | 62,779     | 165     |
| 205  | 39903 Other Tangible Property - Network - HW       | 6.2, P, S, T & D Plant - Customer | 52,136      | 41,407     | 10,240     | 27      |
| 206  | 39904 Other Tang. Property - CPU                   | 6.2, P, S, T & D Plant - Customer | 891         | 477        | 118        | 0       |
| 207  | 39905 Other Tangible Property - MF - Hardware      | 6.2, P, S, T & D Plant - Customer | 540         | 429        | 106        | 0       |
| 208  | 39906 Other Tang. Property - PC Hardware           | 6.2, P, S, T & D Plant - Customer | 52,393      | 41,611     | 10,260     | 27      |
| 209  | 39907 Other Tang. Property - PC Software           | 6.2, P, S, T & D Plant - Customer | 18,794      | 15,720     | 3,888      | 10      |
| 210  | 39908 Other Tang. Property - Mainframe SW          | 6.2, P, S, T & D Plant - Customer | 3,038,549   | 2,413,262  | 596,788    | 1,569   |
| 211  | 39909 Other Tang. Property - Application Software  | 6.2, P, S, T & D Plant - Customer | 38,494      | 30,864     | 7,558      | 20      |
| 212  | 39924 Other Tang. Property - General Startup Costs | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 217     |
| 213  | Retirement Work In Progress                        | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 214  |  |                                   |             |            |            |         |
| 215  | Total General Plant                                |                                   | 4,519,530   | 3,589,460  | 887,662    | 2,334   |
| 216  |  |                                   | 281,421     | 223,509    | 55,273     | 145     |
| 217  | Shared Services Customer Support:                  |                                   |             |            |            |         |
| 218  | General:   |                                   |             |            |            |         |
| 219  |  |                                   |             |            |            |         |
| 220  |  |                                   |             |            |            |         |
| 221  | 37400 Land & Land Rights                           | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 222  | 39001 Structures Frame                             | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 223  | 39602 Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 162,707     | 129,224    | 31,957     | 84      |
| 224  | 37503 Improvements                                 | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 915     |
| 225  | 39004 Air Conditioning Equipment                   | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 527     |
| 226  | 39009 Improvement to leased Premises               | 6.2, P, S, T & D Plant - Customer | 145,177     | 116,302    | 28,514     | 76      |
| 227  | 39100 Office Furniture & Equipment                 | 6.2, P, S, T & D Plant - Customer | 17,000      | 13,504     | 3,339      | 9       |
| 228  | 39102 Remittance Processing Equip                  | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 96      |
| 229  | 39103 Office Machines                              | 6.2, P, S, T & D Plant - Customer | 7           | 5          | 1          | 0       |
| 230  | 39200 Transportation Equipment                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 231  | 39201 Trucks                                       | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 232  | 39202 Trailers                                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 233  | 39300 Stores Equipment                             | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 234  | 39400 Tools, Shop & Garage Equipment               | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 235  | 39600 Power Operated Equipment                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 236  | 39603 Ditchers                                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 237  | 39604 Backhoes                                     | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 238  | 39605 Welders                                      | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 0       |
| 239  | 39700 Communication Equipment                      | 6.2, P, S, T & D Plant - Customer | (226,336)   | (179,769)  | (44,454)   | (117)   |
| 240  | 39701 Communication Equipment - Mobile Radios      | 6.2, P, S, T & D Plant - Customer | 0           |            |            | (1,273) |
| 241  | 39702 Communication Equipment - Fixed Radios       | 6.2, P, S, T & D Plant - Customer | 0           |            |            | (733)   |
| 242  | 39705 Communication Equip. - Telemetering          | 6.2, P, S, T & D Plant - Customer | 0           |            |            |         |
| 243  | 39800 Miscellaneous Equipment                      | 6.2, P, S, T & D Plant - Customer | 134         | 106        | 28         | 1       |
| 244  | 39900 Other Tangible Property                      | 6.2, P, S, T & D Plant - Customer | 11,740      | 9,324      | 2,306      | 6       |
| 245  | 39901 Other Tangible Property - Servers - HW       | 6.2, P, S, T & D Plant - Customer | 145,012     | 116,170    | 28,481     | 75      |
| 246  | 39902 Other Tangible Property - Servers - SW       | 6.2, P, S, T & D Plant - Customer | 40,766      | 32,377     | 8,007      | 21      |
| 247  | 39903 Other Tangible Property - Network - HW       | 6.2, P, S, T & D Plant - Customer | 4,457       | 3,540      | 875        | 2       |
| 248  | 39904 Other Tang. Property - CPU                   | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 25      |
| 249  | 39905 Other Tangible Property - MF - Hardware      | 6.2, P, S, T & D Plant - Customer | 0           |            |            | 14      |
| 250  | 39906 Other Tang. Property - PC Hardware           | 6.2, P, S, T & D Plant - Customer | (1,340)     | (1,084)    | (283)      | (1)     |
| 251  | 39907 Other Tang. Property - PC Software           | 6.2, P, S, T & D Plant - Customer | (197)       | (157)      | (39)       | (9)     |
| 252  | 39908 Other Tang. Property - Mainframe SW          | 6.2, P, S, T & D Plant - Customer | 1,906,374   | 1,513,277  | 374,226    | 984     |
| 253  | 39909 Other Tang. Property - Application Software  | 6.2, P, S, T & D Plant - Customer | 449         | 357        | 88         | 0       |
| 254  | 39924 Other Tang. Property - General Startup Costs | 6.2, P, S, T & D Plant - Customer | 996         | 791        | 199        | 6       |
| 255  | Retirement Work In Progress                        | 6.2, P, S, T & D Plant - Customer | 308         | 245        | 61         | 0       |
| 256  |  |                                   |             |            |            | 2       |
| 257  | Total General Plant                                |                                   | 2,208,264   | 1,752,241  | 433,321    | 1,139   |
| 258  |  |                                   |             |            |            | 12,413  |
| 259  | TOTAL RESERVE FOR DEPRECIATION - CUSTOMER          |                                   | 122,144,555 | 92,919,501 | 27,751,334 | 61,176  |
|  |  |                                   |             |            |            | 894,689 |
|  |  |                                   |             |            |            | 508,853 |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|----------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Demand   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                     | Allocation Factor | Allocation Basis           | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 260  |           | Inangible Plant:                    |                   |                            |               |                   |                    |                             |                |                         |
| 261  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 262  | 30100     | Organization                        | 6.4               | P, S, T & D Plant - Demand | 2,652         | 1,432             | 799                | -                           | 421            | -                       |
| 263  | 30200     | Franchises & Consents               | 6.4               | P, S, T & D Plant - Demand | 38,158        | 20,807            | 11,499             | -                           | 6,052          | -                       |
| 264  | 30300     | Misc Inangible Plant                | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 265  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 266  |           | Total Inangible Plant:              |                   |                            | 40,810        | 22,040            | 12,298             | 0                           | 6,473          | 0                       |
| 267  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 268  |           | Production Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 269  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 270  | 32520     | Producing Leaseholds                | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 271  | 32540     | Rights of Ways                      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 272  | 33100     | Production Gas Wells Equipment      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 273  | 33201     | Field Lines                         | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 274  | 33202     | Tributary Lines                     | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 275  | 33400     | Field Meas. & Reg. Sta. Equip       | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 276  | 33500     | Purification Equipment              | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 277  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 278  |           | Total Production Plant              |                   |                            | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 279  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 280  |           | Storage Plant:                      |                   |                            |               |                   |                    |                             |                |                         |
| 281  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 282  | 3510      | Land                                | 3.0               | Peak Day                   | 6             | -                 | -                  | -                           | -              | -                       |
| 283  | 35020     | Rights of Way                       | 3.0               | Peak Day                   | 2,710         | 1,464             | 817                | -                           | 430            | -                       |
| 284  | 35100     | Structures and Improvements         | 3.0               | Peak Day                   | 2,760         | 1,485             | 829                | -                           | 436            | -                       |
| 285  | 35102     | Compressor Station Equipment        | 3.0               | Peak Day                   | 64,940        | 29,670            | 16,556             | -                           | 8,714          | -                       |
| 286  | 35103     | Meas. & Reg. Sta. Structures        | 3.0               | Peak Day                   | 10,027        | 5,415             | 3,022              | -                           | 1,590          | -                       |
| 287  | 35104     | Other Structures                    | 3.0               | Peak Day                   | 48,113        | 26,969            | 14,458             | -                           | 7,531          | -                       |
| 288  | 35200     | Wells & Rights of Way               | 3.0               | Peak Day                   | 538,288       | 274,591           | 153,170            | -                           | 80,617         | -                       |
| 289  | 35201     | Well Construction                   | 3.0               | Peak Day                   | 683,774       | 369,271           | 208,052            | -                           | 108,450        | -                       |
| 290  | 35202     | Well Equipment                      | 3.0               | Peak Day                   | 189,533       | 102,357           | 67,115             | -                           | 30,061         | -                       |
| 291  | 35203     | Cushion Gas                         | 3.0               | Peak Day                   | 340,743       | 184,018           | 102,681            | -                           | 54,043         | -                       |
| 292  | 35210     | Leaseholds                          | 3.0               | Peak Day                   | 83,194        | 44,929            | 25,070             | -                           | 13,195         | -                       |
| 293  | 35211     | Storage Rights                      | 3.0               | Peak Day                   | 21,836        | 11,832            | 6,460              | -                           | 3,416          | -                       |
| 294  | 35301     | Field Lines                         | 3.0               | Peak Day                   | 77,071        | 41,622            | 23,225             | -                           | 12,224         | -                       |
| 295  | 35302     | Tributary Lines                     | 3.0               | Peak Day                   | 106,591       | 67,564            | 32,121             | -                           | 16,906         | -                       |
| 296  | 35400     | Compressor Station Equipment        | 3.0               | Peak Day                   | 240,303       | 129,776           | 72,414             | -                           | 38,113         | -                       |
| 297  | 35500     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 103,296       | 55,785            | 31,128             | -                           | 16,363         | -                       |
| 298  | 35600     | Purification Equipment              | 3.0               | Peak Day                   | 78,850        | 42,583            | 23,761             | -                           | 12,556         | -                       |
| 299  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 300  |           | Total Storage Plant                 |                   |                            | 2,551,720     | 1,378,055         | 768,650            | -                           | 404,716        | -                       |
| 301  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 302  |           | Transmission:                       |                   |                            |               |                   |                    |                             |                |                         |
| 303  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 304  | 36510     | Land & Land Rights                  | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 305  | 36520     | Rights of Way                       | 3.0               | Peak Day                   | 452,087       | 244,149           | 136,235            | -                           | 71,703         | -                       |
| 306  | 36602     | Structures & Improvements           | 3.0               | Peak Day                   | 13,411        | 7,243             | 4,041              | -                           | 2,127          | -                       |
| 307  | 36603     | Other Structures                    | 3.0               | Peak Day                   | 47,280        | 25,534            | 14,248             | -                           | 7,499          | -                       |
| 308  | 36700     | Mains Cathodic Protection           | 3.0               | Peak Day                   | 139,962       | 70,737            | 38,471             | -                           | 20,774         | -                       |
| 309  | 36701     | Mains - Steel                       | 3.0               | Peak Day                   | 18,288,712    | 9,877,347         | 5,511,526          | -                           | 2,900,840      | -                       |
| 310  | 36900     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 267,055       | 144,223           | 80,476             | -                           | 42,356         | -                       |
| 311  | 36901     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 1,454,876     | 785,705           | 436,421            | -                           | 230,751        | -                       |
| 312  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 313  |           | Total Transmission Plant            |                   |                            | 20,655,404    | 11,154,938        | 6,224,417          | -                           | 3,276,050      | -                       |
| 314  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 315  |           | Distribution:                       |                   |                            |               |                   |                    |                             |                |                         |
| 316  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 317  | 37400     | Land & Land Rights                  | 3.0               | Peak Day                   | (0)           | (0)               | (0)                | -                           | (0)            | -                       |
| 318  | 37401     | Land                                | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 319  | 37402     | Land Rights                         | 3.0               | Peak Day                   | 60,464        | 32,654            | 18,221             | -                           | 9,590          | -                       |
| 320  | 37403     | Land Other                          | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 321  | 37500     | Structures & Improvements           | 3.0               | Peak Day                   | 46,803        | 25,276            | 14,104             | -                           | 7,423          | -                       |
| 322  | 37501     | Structures & Improvements T.B.      | 3.0               | Peak Day                   | 31,611        | 17,072            | 9,526              | -                           | 5,014          | -                       |
| 323  | 37502     | Land Rights                         | 3.0               | Peak Day                   | 16,948        | 8,813             | 4,806              | -                           | 2,529          | -                       |
| 324  | 37503     | Improvements                        | 3.0               | Peak Day                   | 825           | 448               | 250                | -                           | 131            | -                       |
| 325  | 37600     | Mains Cathodic Protection           | 3.0               | Peak Day                   | 6,317,381     | 3,411,698         | 1,903,715          | -                           | 1,001,668      | -                       |
| 326  | 37601     | Mains - Steel                       | 3.0               | Peak Day                   | 12,624,027    | 6,626,607         | 3,664,465          | -                           | 2,033,655      | -                       |
| 327  | 37602     | Mains - Plastic                     | 3.0               | Peak Day                   | 7,205,748     | 3,891,459         | 2,171,421          | -                           | 1,142,669      | -                       |
| 328  | 37600     | Meas. & Reg. Sta. Equip - General   | 3.0               | Peak Day                   | 1,025,199     | 553,636           | 308,327            | -                           | 162,565        | -                       |
| 329  | 37600     | Meas. & Reg. Sta. Equip - City Gate | 3.0               | Peak Day                   | 329,208       | 172,329           | 96,494             | -                           | 50,787         | -                       |
| 330  | 37505     | Meas. & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day                   | 438,699       | 236,810           | 132,200            | -                           | 69,580         | -                       |
| 331  | 38000     | Services                            | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 332  | 38100     | Meters                              | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 333  | 38200     | Meter Installations                 | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 334  | 38300     | House Regulators                    | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 335  | 38400     | House Reg. Installations            | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 336  | 38500     | Inu. Meas. & Reg. Sta. Equipment    | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 337  | 38600     | Other Prop. On Cust. Prem           | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 338  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 339  |           | Total Distribution Plant            |                   |                            | 28,286,676    | 15,276,310        | 8,524,128          | -                           | 4,466,440      | -                       |

| Alamos Energy Corporation, Kentucky/Mid-States Division   |  |                                |             |             |            |           |
|---|--|--------------------------------|-------------|-------------|------------|-----------|
| Class Cost of Service - Customer/Demand Study             |  |                                |             |             |            |           |
| Forecasted Test Period - Twelve Months Ended May 31, 2017 |  |                                |             |             |            |           |
| ALLOCATION OF RESERVE FOR DEPRECIATION                    |  |                                |             |             |            |           |
| 340   |  |                                |             |             |            |           |
| 341   | General:   |                                |             |             |            |           |
| 342   |  |                                |             |             |            |           |
| 343   | 38900 Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 344   | 39000 Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 60,307      | 32,689      | 16,173     | 9,565     |
| 345   | 39001 Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 346   | 39002 Improvements                                 | 6.4 P, S, T & D Plant - Demand | 21,110      | 11,400      | 6,261      | 3,348     |
| 347   | 39003 Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 53,968      | 26,660      | 15,392     | 8,417     |
| 348   | 39004 Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 818         | 442         | 247        | 130       |
| 349   | 39009 Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 288,989     | 156,074     | 87,089     | 45,837    |
| 350   | 39100 Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 217,973     | 117,716     | 65,685     | 34,572    |
| 351   | 39102 Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 352   | 39103 Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 353   | 39200 Trucks                                       | 6.4 P, S, T & D Plant - Demand | 55,911      | 30,195      | 16,849     | 8,888     |
| 354   | 39201 Trailers                                     | 6.4 P, S, T & D Plant - Demand | 9,658       | 5,215       | 2,910      | 1,531     |
| 355   | 39202 Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 356   | 39300 Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 357   | 39400 Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 197,294     | 106,549     | 59,494     | 31,292    |
| 358   | 39600 Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 359   | 39603 Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 10,372      | 5,601       | 3,125      | 1,645     |
| 360   | 39604 Welders                                      | 6.4 P, S, T & D Plant - Demand | 15,359      | 8,294       | 4,626      | 2,436     |
| 361   | 39605 Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 7,072       | 3,819       | 2,131      | 1,122     |
| 362   | 39700 Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 45,762      | 24,708      | 13,787     | 7,256     |
| 363   | 39701 Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 364   | 39702 Communication Equip. - Telemetry             | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 365   | 39705 Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | (11,112)    | (6,001)     | (3,349)    | (1,762)   |
| 366   | 39800 Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 386,163     | 208,547     | 116,369    | 61,247    |
| 367   | 39900 Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 368   | 39901 Other Tangible Property - Servers - SW       | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 369   | 39902 Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 370   | 39903 Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 6,959       | 3,758       | 2,097      | 1,104     |
| 371   | 39904 Other Tangible Property - MF - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 372   | 39905 Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 373   | 39906 Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 155,439     | 83,940      | 46,838     | 24,852    |
| 374   | 39907 Other Tang. Property - Mainframe SW          | 6.4 P, S, T & D Plant - Demand | 4,378       | 2,384       | 1,319      | 694       |
| 375   | 39908 Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 39,324      | 21,237      | 11,850     | 6,237     |
| 376   | 39909 Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 377   | Retirement Work in Progress                        | 6.4 P, S, T & D Plant - Demand | (2,208,101) | (1,192,483) | (695,402)  | (350,216) |
| 378   | AR 15 general plant amortization                   | 6.4 P, S, T & D Plant - Demand | 187,224     | 101,110     | 56,410     | 29,665    |
| 379   |  |                                |             |             |            |           |
| 380   | Total General Plant                                |                                | (456,045)   | (246,287)   | (137,427)  | (72,331)  |
| 381   |  |                                |             |             |            |           |
| 382   | TOTAL DIRECT RESERVE FOR DEPRECIATION              |                                | 51,078,768  | 27,585,035  | 15,392,365 | 8,101,348 |
| 383   |  |                                |             |             |            |           |
| 384   | Kentucky Mid-States General Office:                |                                |             |             |            |           |
| 385   |  |                                |             |             |            |           |
| 386   | Intangible Plant:                                  |                                |             |             |            |           |
| 387   |  |                                |             |             |            |           |
| 388   | 30100 Organization                                 | 99.0                           | 0           | -           | -          | -         |
| 389   | 30200 Franchises & Consents                        | 99.0                           | 0           | -           | -          | -         |
| 390   | 30300 Misc Intangible Plant                        | 99.0                           | 0           | -           | -          | -         |
| 391   |  |                                |             |             |            |           |
| 392   | Total Intangible Plant:                            |                                | 0           | -           | -          | -         |
| 393   |  |                                |             |             |            |           |
| 394   | General:   |                                |             |             |            |           |
| 395   |  |                                |             |             |            |           |
| 396   | 37400 Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 397   | 39001 Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 14,456      | 7,807       | 4,356      | 2,293     |
| 398   | 39602 Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 399   | 39603 Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 400   | 39004 Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 992         | 658         | 299        | 157       |
| 401   | 39009 Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 6,565       | 3,545       | 1,978      | 1,041     |
| 402   | 39100 Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 6,627       | 3,579       | 1,997      | 1,051     |
| 403   | 39102 Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 404   | 39103 Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 405   | 39200 Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 942         | 547         | 194        | 102       |
| 406   | 39201 Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 407   | 39202 Trailers                                     | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 408   | 39300 Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 409   | 39400 Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 22,416      | 12,108      | 6,755      | 3,535     |
| 410   | 39600 Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 883         | 477         | 266        | 140       |
| 411   | 39603 Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 412   | 39604 Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 413   | 39605 Welders                                      | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 414   | 39700 Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 35,015      | 18,910      | 10,552     | 5,553     |
| 415   | 39701 Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 416   | 39702 Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 417   | 39705 Communication Equip. - Telemetry             | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 418   | 39800 Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 101,321     | 54,988      | 30,883     | 16,149    |
| 419   | 39900 Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 12,034      | 6,499       | 3,626      | 1,909     |
| 420   | 39901 Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 51,473      | 27,798      | 15,511     | 8,164     |
| 421   | 39902 Other Tangible Property - Servers - SW       | 6.4 P, S, T & D Plant - Demand | 1,263       | 689         | 380        | 205       |
| 422   | 39903 Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 32,723      | 17,671      | 9,660      | 5,190     |
| 423   | 39904 Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 424   | 39905 Other Tangible Property - MF - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 425   | 39906 Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 60,808      | 27,439      | 15,311     | 8,058     |
| 426   | 39907 Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 9,224       | 4,882       | 2,760      | 1,463     |
| 427   | 39908 Other Tang. Property - Mainframe SW          | 6.4 P, S, T & D Plant - Demand | 140,426     | 76,837      | 42,317     | 22,272    |
| 428   | 39909 Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 429   | 39924 Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           | -           | -          | -         |
| 430   | Retirement Work in Progress                        | 6.4 P, S, T & D Plant - Demand | 8,888       | 4,854       | 2,708      | 1,426     |
| 431   |  |                                |             |             |            |           |
| 432   | Total General Plant                                |                                | 496,382     | 266,071     | 149,583    | 78,729    |

| Almos Energy Corporation, Kentucky/Mid-States Division   |   |  |     |                            |            |            |            |           |
|--|---|--|-----|----------------------------|------------|------------|------------|-----------|
| Class Cost of Service - Customer/Demand Study            |   |  |     |                            |            |            |            |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |  |     |                            |            |            |            |           |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |   |  |     |                            |            |            |            |           |
| 433  | Shared Services General Office:         |  |     |                            |            |            |            |           |
| 434  | General:                                |  |     |                            |            |            |            |           |
| 435  | General:                                |  |     |                            |            |            |            |           |
| 436  | General:                                |  |     |                            |            |            |            |           |
| 437  | General:                                |  |     |                            |            |            |            |           |
| 438  | 37400                                   | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 439  | 39000                                   | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 26,742     | 14,442     | 8,058      |           |
| 440  | 39602                                   | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 441  | 37503                                   | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 442  | 39004                                   | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 443  | 39009                                   | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 156,948    | 84,760     | 47,296     |           |
| 444  | 39100                                   | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 109,519    | 59,146     | 33,003     |           |
| 445  | 39102                                   | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 98         | 53         | 30         |           |
| 446  | 39103                                   | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 49         | 26         | 15         |           |
| 447  | 39200                                   | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 1,732      | 935        | 522        |           |
| 448  | 39201                                   | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 449  | 39202                                   | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 450  | 39300                                   | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 13         | 7          | 4          |           |
| 451  | 39400                                   | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 3,774      | 2,039      | 1,137      |           |
| 452  | 39500                                   | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 185        | 100        | 56         |           |
| 453  | 39603                                   | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 454  | 39904                                   | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 455  | 39905                                   | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 456  | 39700                                   | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 23,946     | 12,932     | 7,216      |           |
| 457  | 39701                                   | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 458  | 39702                                   | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 459  | 39705                                   | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 460  | 39800                                   | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,351      | 1,270      | 708        |           |
| 461  | 39900                                   | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 2,337      | 1,262      | 704        |           |
| 462  | 39901                                   | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 148,941    | 80,435     | 44,853     |           |
| 463  | 39902                                   | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 152,749    | 82,492     | 46,030     |           |
| 464  | 39903                                   | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 24,915     | 13,455     | 7,508      |           |
| 465  | 39904                                   | Other Tangible Property - CPU                | 6.4 | P, S, T & D Plant - Demand | 287        | 155        | 87         |           |
| 466  | 39905                                   | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 258        | 139        | 78         |           |
| 467  | 39906                                   | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 25,037     | 13,621     | 7,545      |           |
| 468  | 39907                                   | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 9,459      | 5,108      | 2,850      |           |
| 469  | 39908                                   | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 1,452,057  | 784,182    | 437,571    |           |
| 470  | 39909                                   | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 18,391     | 9,932      | 5,542      |           |
| 471  | 39924                                   | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 472  | Retirement Work in Progress             |  |     |                            |            |            |            |           |
| 473  | Retirement Work in Progress             |  |     |                            |            |            |            |           |
| 474  | Total General Plant                     |  |     |                            | 2,159,768  | 1,166,391  | 650,842    | 342,553   |
| 475  | Shared Services Customer Support:       |  |     |                            |            |            |            |           |
| 476  | General:                                |  |     |                            |            |            |            |           |
| 477  | General:                                |  |     |                            |            |            |            |           |
| 478  | General:                                |  |     |                            |            |            |            |           |
| 479  | General:                                |  |     |                            |            |            |            |           |
| 480  | 37400                                   | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 481  | 39001                                   | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 482  | 39602                                   | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 77,754     | 41,991     | 23,431     |           |
| 483  | 37503                                   | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 484  | 39004                                   | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 485  | 39009                                   | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 69,377     | 37,467     | 20,906     |           |
| 486  | 39100                                   | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 8,125      | 4,388      | 2,449      |           |
| 487  | 39102                                   | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 488  | 39103                                   | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 3          | 2          | 1          |           |
| 489  | 39200                                   | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 490  | 39201                                   | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 491  | 39202                                   | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 492  | 39300                                   | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 493  | 39400                                   | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 494  | 39500                                   | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 495  | 39603                                   | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 496  | 39904                                   | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 497  | 39905                                   | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 498  | 39700                                   | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | (108,161)  | (58,412)   | (32,594)   |           |
| 499  | 39701                                   | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 500  | 39702                                   | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 501  | 39705                                   | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 502  | 39800                                   | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 64         | 35         | 19         |           |
| 503  | 39900                                   | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 5,810      | 3,090      | 1,691      |           |
| 504  | 39901                                   | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 69,298     | 37,424     | 20,883     |           |
| 505  | 39902                                   | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 19,481     | 10,521     | 5,871      |           |
| 506  | 39903                                   | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 2,130      | 1,160      | 642        |           |
| 507  | 39904                                   | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 508  | 39905                                   | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          |           |
| 509  | 39906                                   | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | (640)      | (346)      | (193)      |           |
| 510  | 39907                                   | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | (94)       | (51)       | (28)       |           |
| 511  | 39908                                   | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 910,537    | 491,735    | 274,386    |           |
| 512  | 39909                                   | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 216        | 116        | 65         |           |
| 513  | 39924                                   | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 476        | 257        | 143        |           |
| 514  | Retirement Work in Progress             |  |     |                            |            |            |            |           |
| 515  | Retirement Work in Progress             |  |     |                            |            |            |            |           |
| 516  | Total General Plant                     |  |     |                            | 1,054,321  | 569,385    | 317,715    | 167,221   |
| 517  | TOTAL RESERVE FOR DEPRECIATION - DEMAND |  |     |                            | 54,769,257 | 29,598,902 | 16,510,505 | 8,689,850 |
| 518  |   |  |     |                            |            |            |            |           |

| Almas Energy Corporation, Kentucky/Mid-States Division   |          |                   |                                      |               |                   |                    |                             |                |                         |  |
|--|----------|-------------------|--------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Customer/Demand Study            |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| Commodity  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| Line No.   | Acct No. | Allocation Factor | Allocation Basis                     | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 519  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 520  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 521  | 30100    | 6.6               | P, S, T & D Plant - Commodity        | 126           | 50                | 30                 | 1                           | 24             | 23                      |  |
| 522  | 30200    | 6.6               | Franchises & Consents                | 1,845         | 722               | 435                | 14                          | 340            | 333                     |  |
| 523  | 30300    | 99.0              | Misc Intangible Plant                | 0             |                   |                    |                             |                |                         |  |
| 524  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 525  |          |                   | Total Intangible Plant               | 1,973         | 772               | 465                | 15                          | 364            | 356                     |  |
| 526  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 527  |          |                   | Production Plant:                    |               |                   |                    |                             |                |                         |  |
| 528  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 529  | 32520    | 99.0              | Producing Leaseholds                 | 0             |                   |                    |                             |                |                         |  |
| 530  | 32540    | 99.0              | Rights of Ways                       | 0             |                   |                    |                             |                |                         |  |
| 531  | 33100    | 99.0              | Production Gas Wells Equipment       | 0             |                   |                    |                             |                |                         |  |
| 532  | 33201    | 99.0              | Field Lines                          | 0             |                   |                    |                             |                |                         |  |
| 533  | 33202    | 1.2               | Tributary Lines                      | (28,968)      | (17,161)          | (11,282)           | (549)                       |                |                         |  |
| 534  | 33400    | 1.2               | Field Meas. & Reg. Sta. Equip.       | 1,572         | 931               | 611                | 30                          |                |                         |  |
| 535  | 33600    | 99.0              | Purification Equipment               | 0             |                   |                    |                             |                |                         |  |
| 536  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 537  |          |                   | Total Production Plant               | (27,396)      | (16,229)          | (10,650)           | (519)                       | 0              | 0                       |  |
| 538  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 539  |          |                   | Storage Plant:                       |               |                   |                    |                             |                |                         |  |
| 540  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 541  | 35010    | 1.5               | Land                                 | 0             |                   |                    |                             |                |                         |  |
| 542  | 35020    | 1.5               | Rights of Way                        | 2,710         | 1,061             | 640                | 20                          | 500            | 499                     |  |
| 543  | 35100    | 1.5               | Structures and Improvements          | 2,750         | 1,077             | 640                | 20                          | 507            | 495                     |  |
| 544  | 35102    | 1.5               | Compression Station Equipment        | 54,940        | 21,510            | 12,968             | 408                         | 10,136         | 9,918                   |  |
| 545  | 35103    | 1.5               | Meas. & Reg. Sta. Structures         | 10,027        | 3,825             | 2,367              | 75                          | 1,850          | 1,810                   |  |
| 546  | 35104    | 1.5               | Other Structures                     | 48,113        | 18,337            | 11,357             | 357                         | 9,876          | 8,686                   |  |
| 547  | 35200    | 1.5               | Wells & Rights of Way                | 508,288       | 199,004           | 119,977            | 3,777                       | 93,771         | 91,759                  |  |
| 548  | 35201    | 1.5               | Well Construction                    | 663,774       | 267,710           | 161,399            | 5,081                       | 126,145        | 123,438                 |  |
| 549  | 35202    | 1.5               | Well Equipment                       | 189,533       | 74,206            | 44,738             | 1,408                       | 34,966         | 34,215                  |  |
| 550  | 35203    | 1.5               | Cushion Gas                          | 340,743       | 133,407           | 80,429             | 2,532                       | 62,862         | 61,513                  |  |
| 551  | 35210    | 1.5               | Larabedda                            | 83,194        | 32,572            | 19,837             | 618                         | 15,348         | 15,019                  |  |
| 552  | 35211    | 1.5               | Storage Rights                       | 21,838        | 8,433             | 5,084              | 160                         | 3,973          | 3,868                   |  |
| 553  | 35301    | 1.5               | Field Lines                          | 77,071        | 30,175            | 18,192             | 673                         | 14,218         | 13,913                  |  |
| 554  | 35302    | 1.5               | Tributary Lines                      | 106,591       | 41,732            | 25,160             | 792                         | 19,664         | 19,242                  |  |
| 555  | 35400    | 1.5               | Compressor Station Equipment         | 240,303       | 94,083            | 59,721             | 1,789                       | 44,332         | 43,381                  |  |
| 556  | 35500    | 1.5               | Meas. & Reg. Equipment               | 103,295       | 40,442            | 24,362             | 769                         | 19,056         | 18,546                  |  |
| 557  | 35500    | 1.5               | Purification Equipment               | 78,850        | 30,571            | 18,612             | 596                         | 14,547         | 14,234                  |  |
| 558  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 559  |          |                   | Total Storage Plant                  | 2,551,720     | 899,046           | 602,312            | 18,950                      | 470,762        | 460,650                 |  |
| 560  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 561  |          |                   | Transmission:                        |               |                   |                    |                             |                |                         |  |
| 562  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 563  | 36510    | 99.0              | Land & Land Rights                   | 0             |                   |                    |                             |                |                         |  |
| 564  | 36520    | 99.0              | Rights of Way                        | 0             |                   |                    |                             |                |                         |  |
| 565  | 36502    | 99.0              | Structures & Improvements            | 0             |                   |                    |                             |                |                         |  |
| 566  | 36503    | 99.0              | Other Structures                     | 0             |                   |                    |                             |                |                         |  |
| 567  | 36700    | 99.0              | Mains Cathodic Protection            | 0             |                   |                    |                             |                |                         |  |
| 568  | 36701    | 99.0              | Mains - Steel                        | 0             |                   |                    |                             |                |                         |  |
| 569  | 36900    | 99.0              | Meas. & Reg. Equipment               | 0             |                   |                    |                             |                |                         |  |
| 570  | 36901    | 99.0              | Meas. & Reg. Equipment               | 0             |                   |                    |                             |                |                         |  |
| 571  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 572  |          |                   | Total Transmission Plant             | 0             |                   |                    |                             |                |                         |  |
| 573  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 574  |          |                   | Distribution:                        |               |                   |                    |                             |                |                         |  |
| 575  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 576  | 37400    | 99.0              | Land & Land Rights                   | 0             |                   |                    |                             |                |                         |  |
| 577  | 37401    | 99.0              | Land                                 | 0             |                   |                    |                             |                |                         |  |
| 578  | 37402    | 99.0              | Land Rights                          | 0             |                   |                    |                             |                |                         |  |
| 579  | 37403    | 99.0              | Land Other                           | 0             |                   |                    |                             |                |                         |  |
| 580  | 37500    | 99.0              | Structures & Improvements            | 0             |                   |                    |                             |                |                         |  |
| 581  | 37501    | 99.0              | Structures & Improvements T.B.       | 0             |                   |                    |                             |                |                         |  |
| 582  | 37502    | 99.0              | Land Rights                          | 0             |                   |                    |                             |                |                         |  |
| 583  | 37503    | 99.0              | Improvements                         | 0             |                   |                    |                             |                |                         |  |
| 584  | 37600    | 99.0              | Mains Cathodic Protection            | 0             |                   |                    |                             |                |                         |  |
| 585  | 37601    | 99.0              | Mains - Steel                        | 0             |                   |                    |                             |                |                         |  |
| 586  | 37602    | 99.0              | Mains - Plastic                      | 0             |                   |                    |                             |                |                         |  |
| 587  | 37900    | 99.0              | Meas. & Reg. Sta. Equip. - General   | 0             |                   |                    |                             |                |                         |  |
| 588  | 37900    | 99.0              | Meas. & Reg. Sta. Equip. - City Gate | 0             |                   |                    |                             |                |                         |  |
| 589  | 37905    | 99.0              | Meas. & Reg. Sta. Equipment T.B.     | 0             |                   |                    |                             |                |                         |  |
| 590  | 38000    | 99.0              | Services                             | 0             |                   |                    |                             |                |                         |  |
| 591  | 38100    | 99.0              | Meters                               | 0             |                   |                    |                             |                |                         |  |
| 592  | 38200    | 99.0              | Meter Installations                  | 0             |                   |                    |                             |                |                         |  |
| 593  | 38300    | 99.0              | House Regulators                     | 0             |                   |                    |                             |                |                         |  |
| 594  | 38400    | 99.0              | House Reg. Installations             | 0             |                   |                    |                             |                |                         |  |
| 595  | 38500    | 99.0              | Ind. Meas. & Reg. Sta. Equipment     | 0             |                   |                    |                             |                |                         |  |
| 596  | 38600    | 99.0              | Other Prep. On Cust. Prem.           | 0             |                   |                    |                             |                |                         |  |
| 597  |          |                   |                                      |               |                   |                    |                             |                |                         |  |
| 598  |          |                   | Total Distribution Plant             | 0             |                   |                    |                             |                |                         |  |

| Alcoa Energy Corporation, Kentucky/Mid-States Division   |  |      |                               |           |          |          |        |
|--|--|------|-------------------------------|-----------|----------|----------|--------|
| Class Cost of Service - Customer/Demand Study            |  |      |                               |           |          |          |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |      |                               |           |          |          |        |
| <b>ALLOCATION OF RESERVE FOR DEPRECIATION</b>            |  |      |                               |           |          |          |        |
| 599  | General:   |      |                               |           |          |          |        |
| 600  |  |      |                               |           |          |          |        |
| 601  |  |      |                               |           |          |          |        |
| 602  | 39500 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 603  | 39000 Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 2,915     | 1,141    | 688      | 22     |
| 604  | 39001 Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | 538    |
| 605  | 39002 Improvements                                 | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | 526    |
| 606  | 39003 Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 1,020     | 400      | 241      | 8      |
| 607  | 39004 Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 2,365     | 1,004    | 606      | 18     |
| 608  | 39005 Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 40        | 15       | 9        | 0      |
| 609  | 39100 Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 13,970    | 5,470    | 3,298    | 104    |
| 610  | 39102 Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 10,537    | 4,126    | 2,487    | 78     |
| 611  | 39103 Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 612  | 39200 Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 2,703     | 1,058    | 638      | 20     |
| 613  | 39201 Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 467       | 183      | 110      | 3      |
| 614  | 39202 Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 615  | 39300 Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 616  | 39400 Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 9,537     | -        | -        | -      |
| 617  | 39500 Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0         | 3,734    | 2,261    | 71     |
| 618  | 39600 Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 501       | 196      | 118      | 4      |
| 619  | 39604 Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 742       | 261      | 175      | 6      |
| 620  | 39905 Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 342       | 134      | 81       | 3      |
| 621  | 39703 Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 2,212     | 868      | 522      | 16     |
| 622  | 39701 Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 623  | 39702 Communication Equip. - Telemetering          | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 624  | 39705 Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | (637)     | (210)    | (127)    | (4)    |
| 625  | 39903 Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 18,667    | 7,309    | 4,406    | 139    |
| 626  | 39900 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 627  | 39901 Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 628  | 39902 Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 629  | 39903 Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 336       | 132      | 79       | 2      |
| 630  | 39904 Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 631  | 39905 Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 632  | 39900 Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 7,519     | 2,042    | 1,773    | 66     |
| 633  | 39907 Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 212       | 83       | 50       | 2      |
| 634  | 39908 Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 1,901     | 744      | 449      | 14     |
| 635  | 39909 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 636  | Retirement Work In Progress                        | 6.6  | P, S, T & D Plant - Commodity | (106,740) | (41,791) | (25,195) | (793)  |
| 637  | AR 15 general plant amortization                   | 6.6  | P, S, T & D Plant - Commodity | 9,050     | 3,643    | 2,136    | 67     |
| 638  |  |      |                               |           |          |          |        |
| 639  | Total General Plant                                |      |                               | (22,045)  | (8,631)  | (5,204)  | (164)  |
| 640  |  |      |                               |           |          |          |        |
| 641  | TOTAL DIRECT RESERVE FOR DEPRECIATION              |      |                               | 2,604,252 | 974,958  | 685,924  | 18,295 |
| 642  |  |      |                               |           |          |          |        |
| 643  | Kentucky Mid-States General Office:                |      |                               |           |          |          |        |
| 644  |  |      |                               |           |          |          |        |
| 645  | Intangible Plant:                                  |      |                               |           |          |          |        |
| 646  |  |      |                               |           |          |          |        |
| 647  | 30100 Organization                                 | 99.0 |                               | 0         | -        | -        | -      |
| 648  | 30200 Franchises & Consents                        | 99.0 |                               | 0         | -        | -        | -      |
| 649  | 30300 Misc Intangible Plant                        | 99.0 |                               | 0         | -        | -        | -      |
| 650  |  |      |                               |           |          |          |        |
| 651  | Total Intangible Plant:                            |      |                               |           |          |          |        |
| 652  |  |      |                               |           |          |          |        |
| 653  | General:   |      |                               |           |          |          |        |
| 654  |  |      |                               |           |          |          |        |
| 655  | 37400 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 656  | 39001 Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 899       | 274      | 165      | 5      |
| 657  | 36002 Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | 129    |
| 658  | 39002 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | 126    |
| 659  | 39004 Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 49        | 19       | 11       | 0      |
| 660  | 39005 Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 317       | 124      | 75       | 2      |
| 661  | 39100 Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 320       | 125      | 76       | 2      |
| 662  | 39102 Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 663  | 39103 Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 664  | 39200 Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 31        | 12       | 7        | 0      |
| 665  | 39201 Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 666  | 39202 Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 667  | 39300 Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 668  | 39400 Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 1,664     | 424      | 256      | 8      |
| 669  | 39500 Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 43        | 17       | 10       | 0      |
| 670  | 39600 Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 671  | 39604 Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 672  | 39605 Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 673  | 39703 Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 1,093     | 663      | 400      | 13     |
| 674  | 39701 Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 675  | 39702 Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 676  | 39705 Communication Equip. - Telemetering          | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 677  | 39900 Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 4,022     | 1,927    | 1,162    | 37     |
| 678  | 39900 Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 582       | 223      | 137      | 4      |
| 679  | 39901 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 2,488     | 974      | 587      | 18     |
| 680  | 39902 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 63        | 24       | 15       | 0      |
| 681  | 39903 Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 1,582     | 619      | 373      | 12     |
| 682  | 39904 Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 683  | 39905 Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 684  | 39906 Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 2,458     | 982      | 580      | 18     |
| 685  | 39907 Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 446       | 175      | 105      | 3      |
| 686  | 39908 Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 6,788     | 2,658    | 1,602    | 50     |
| 687  | 39909 Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 688  | 39924 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0         | -        | -        | -      |
| 689  | Retirement Work In Progress                        | 6.6  | P, S, T & D Plant - Commodity | 434       | 170      | 103      | 3      |
| 690  |  |      |                               |           |          |          |        |
| 691  | Total General Plant                                |      |                               | 23,995    | 9,395    | 5,664    | 178    |

| Altoon Energy Corporation, Kentucky/Mid-States Division  |                                  |  |     |                               |           |           |         |        |         |
|--|----------------------------------|--|-----|-------------------------------|-----------|-----------|---------|--------|---------|
| Class Cost of Service - Customer/Demand Study            |                                  |  |     |                               |           |           |         |        |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                  |  |     |                               |           |           |         |        |         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |                                  |  |     |                               |           |           |         |        |         |
| 692  |                                  |  |     |                               |           |           |         |        |         |
| 693  | Shared Services General Office   |  |     |                               |           |           |         |        |         |
| 694  | General:                         |  |     |                               |           |           |         |        |         |
| 695  |                                  |  |     |                               |           |           |         |        |         |
| 696  |                                  |  |     |                               |           |           |         |        |         |
| 697  | 37400                            | Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 698  | 39000                            | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 1,293     | 506       | 305     | 10     | 238     |
| 699  | 36502                            | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        | 233     |
| 700  | 37503                            | Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 701  | 39004                            | Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 702  | 39009                            | Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 7,587     | 2,970     | 1,791   | 68     | 1,400   |
| 703  | 39100                            | Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 5,294     | 2,073     | 1,290   | 39     | 977     |
| 704  | 39102                            | Remittance Processing Equip                  | 6.6 | P, S, T & D Plant - Commodity | 5         | 2         | 1       | 0      | 1       |
| 705  | 39103                            | Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 2         | 1         | 1       | 0      | 0       |
| 706  | 39200                            | Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 84        | 33        | 20      | 1      | 15      |
| 707  | 39201                            | Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 708  | 39202                            | Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 709  | 39300                            | Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0         | 0         | 0       | 0      | 0       |
| 710  | 39400                            | Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 182       | 71        | 43      | 1      | 34      |
| 711  | 39600                            | Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 8         | 3         | 2       | 0      | 2       |
| 712  | 39603                            | Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 713  | 39604                            | Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 714  | 39605                            | Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 715  | 39700                            | Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 1,158     | 453       | 273     | 9      | 214     |
| 716  | 39701                            | Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 717  | 39702                            | Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 718  | 39705                            | Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 719  | 39800                            | Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 114       | 44        | 27      | 1      | 21      |
| 720  | 39800                            | Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 113       | 44        | 27      | 1      | 21      |
| 721  | 39901                            | Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 7,200     | 2,819     | 1,699   | 53     | 1,328   |
| 722  | 39902                            | Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 7,384     | 2,891     | 1,743   | 55     | 1,362   |
| 723  | 39903                            | Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 1,204     | 472       | 284     | 9      | 222     |
| 724  | 39904                            | Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 14        | 5         | 3       | 0      | 3       |
| 725  | 39905                            | Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 12        | 5         | 3       | 0      | 2       |
| 726  | 39906                            | Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 1,210     | 474       | 286     | 9      | 223     |
| 727  | 39907                            | Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 457       | 179       | 108     | 3      | 84      |
| 728  | 39908                            | Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 70,192    | 27,482    | 16,568  | 522    | 12,949  |
| 729  | 39909                            | Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 889       | 348       | 210     | 7      | 164     |
| 730  | 39924                            | Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 731  |                                  | Retirement Work In Progress                  | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 732  |                                  |  |     |                               |           |           |         |        |         |
| 733  |                                  | Total General Plant                          |     |                               | 104,404   | 40,676    | 24,644  | 776    | 19,261  |
| 734  |                                  |  |     |                               | 6,601     | 2,645     | 1,535   | 48     | 1,199   |
| 735  | Shared Services Customer Support |  |     |                               |           |           |         |        |         |
| 736  | General:                         |  |     |                               |           |           |         |        |         |
| 737  |                                  |  |     |                               |           |           |         |        |         |
| 738  |                                  |  |     |                               |           |           |         |        |         |
| 739  | 37400                            | Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 740  | 39001                            | Structures Frame                             | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 741  | 36502                            | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 3,759     | 1,472     | 867     | 28     | 693     |
| 742  | 37503                            | Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 743  | 39004                            | Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 744  | 39009                            | Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 3,354     | 1,313     | 792     | 25     | 619     |
| 745  | 39100                            | Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 393       | 154       | 93      | 3      | 72      |
| 746  | 39102                            | Remittance Processing Equip                  | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 747  | 39103                            | Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0         | 0         | 0       | 0      | 0       |
| 748  | 39200                            | Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 749  | 39201                            | Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 750  | 39202                            | Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 751  | 39300                            | Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 752  | 39400                            | Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 753  | 39600                            | Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 754  | 39603                            | Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 755  | 39604                            | Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 756  | 39605                            | Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 757  | 39700                            | Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | (5,229)   | (2,047)   | (1,234) | (39)   | (985)   |
| 758  | 39701                            | Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 759  | 39702                            | Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 760  | 39705                            | Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 761  | 39800                            | Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 3         | 1         | 1       | 0      | 1       |
| 762  | 39900                            | Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 271       | 106       | 64      | 2      | 50      |
| 763  | 39901                            | Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 3,350     | 1,312     | 791     | 25     | 618     |
| 764  | 39902                            | Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 942       | 359       | 222     | 7      | 174     |
| 765  | 39903                            | Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 102       | 40        | 24      | 1      | 19      |
| 766  | 39904                            | Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 767  | 39905                            | Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0         |           |         |        |         |
| 768  | 39906                            | Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | (31)      | (12)      | (7)     | (0)    | (6)     |
| 769  | 39907                            | Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | (5)       | (2)       | (1)     | (0)    | (1)     |
| 770  | 39908                            | Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 44,015    | 17,233    | 10,389  | 327    | 8,120   |
| 771  | 39909                            | Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 10        | 4         | 2       | 0      | 2       |
| 772  | 39924                            | Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 23        | 8         | 5       | 0      | 4       |
| 773  |                                  | Retirement Work In Progress                  | 6.6 | P, S, T & D Plant - Commodity | 7         | 3         | 2       | 0      | 1       |
| 774  |                                  |  |     |                               |           |           |         |        |         |
| 775  |                                  | Total General Plant                          |     |                               | 50,966    | 19,954    | 12,030  | 379    | 9,402   |
| 776  |                                  |  |     |                               |           |           |         |        |         |
| 777  |                                  | TOTAL RESERVE FOR DEPRECIATION - COMMODITY   |     |                               | 2,663,617 | 1,045,193 | 629,262 | 19,626 | 500,139 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                   |                                    |               |                   |                    |                             |                |                         |
|--|-----------|-------------------|------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customers/Demand Study           |           |                   |                                    |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                   |                                    |               |                   |                    |                             |                |                         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                   |                                    |               |                   |                    |                             |                |                         |
| Total Reserve for Depreciation                           |           |                   |                                    |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Allocation Factor | Allocation Basis                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 778  |           |                   | Inangible Plant:                   |               |                   |                    |                             |                |                         |
| 779  | 30100     |                   | Organization                       | 6,330         | 5,890             | 1,919              | 4                           | 475            | 41                      |
| 781  | 30200     |                   | Franchises & Consents              | 119,853       | 84,747            | 27,617             | 55                          | 6,842          | 591                     |
| 782  | 30300     |                   | Misc Inangible Plant               | 0             |                   |                    |                             |                |                         |
| 783  |           |                   | Total Inangible Plant:             | 126,183       | 90,637            | 29,537             | 59                          | 7,317          | 633                     |
| 784  |           |                   | Production Plant:                  |               |                   |                    |                             |                |                         |
| 785  |           |                   | Production Plant:                  |               |                   |                    |                             |                |                         |
| 787  |           |                   | Production Leaseholds              | 0             |                   |                    |                             |                |                         |
| 789  | 32540     |                   | Rights of Ways                     | 0             |                   |                    |                             |                |                         |
| 790  | 33100     |                   | Production Gas Wells Equipment     | 0             |                   |                    |                             |                |                         |
| 791  | 33200     |                   | Field Lines                        | 0             |                   |                    |                             |                |                         |
| 792  | 33202     |                   | Tributary Lines                    | (28,958)      | (17,161)          | (11,262)           | (546)                       |                |                         |
| 793  | 33400     |                   | Field Meas. & Reg. Sta. Equip      | 1,572         | 931               | 611                | 30                          |                |                         |
| 794  | 33600     |                   | Purification Equipment             | 0             |                   |                    |                             |                |                         |
| 795  |           |                   | Total Production Plant             | (27,386)      | (16,229)          | (10,650)           | (516)                       | 0              | 0                       |
| 797  |           |                   | Storage Plant:                     |               |                   |                    |                             |                |                         |
| 798  |           |                   | Storage Plant:                     |               |                   |                    |                             |                |                         |
| 799  |           |                   | Land                               | 0             |                   |                    |                             |                |                         |
| 801  | 35010     |                   | Rights of Way                      | 5,420         | 2,525             | 1,456              | 20                          | 930            | 489                     |
| 802  | 35100     |                   | Structures and Improvements        | 5,500         | 2,582             | 1,476              | 20                          | 944            | 496                     |
| 803  | 35102     |                   | Compressor Station Equipment       | 109,880       | 51,180            | 29,524             | 408                         | 18,849         | 9,918                   |
| 804  | 35103     |                   | Meas & Reg. Sta. Structures        | 20,055        | 9,341             | 5,389              | 75                          | 3,440          | 1,810                   |
| 805  | 35104     |                   | Other Structures                   | 96,226        | 44,820            | 25,855             | 367                         | 18,507         | 9,898                   |
| 806  | 35200     |                   | Wells & Rights of Way              | 1,016,576     | 473,505           | 273,147            | 3,777                       | 174,388        | 91,769                  |
| 807  | 35201     |                   | Well Construction                  | 1,367,547     | 636,982           | 367,451            | 5,081                       | 234,595        | 123,438                 |
| 808  | 35202     |                   | Well Equipment                     | 379,065       | 176,563           | 101,852            | 1,408                       | 65,027         | 34,215                  |
| 809  | 35203     |                   | Cushion Gas                        | 681,485       | 317,425           | 183,111            | 2,532                       | 119,905        | 61,613                  |
| 810  | 35210     |                   | Leaseholds                         | 165,389       | 77,321            | 44,707             | 618                         | 28,543         | 15,019                  |
| 811  | 35211     |                   | Storage Rights                     | 43,076        | 23,064            | 11,574             | 160                         | 7,389          | 3,888                   |
| 812  | 35301     |                   | Field Lines                        | 154,142       | 71,797            | 41,417             | 573                         | 26,442         | 13,913                  |
| 813  | 35302     |                   | Tributary Lines                    | 213,182       | 99,297            | 57,281             | 792                         | 36,570         | 19,242                  |
| 814  | 35400     |                   | Compressor Station Equipment       | 480,606       | 223,858           | 129,196            | 1,786                       | 82,446         | 43,381                  |
| 815  | 35500     |                   | Meas & Reg. Equipment              | 236,892       | 95,227            | 55,510             | 768                         | 35,440         | 18,646                  |
| 816  | 35600     |                   | Purification Equipment             | 157,701       | 79,454            | 42,373             | 686                         | 27,053         | 14,234                  |
| 817  |           |                   | Total Storage Plant                | 5,103,440     | 2,377,101         | 1,371,262          | 19,980                      | 875,467        | 460,650                 |
| 819  |           |                   | Transmission:                      |               |                   |                    |                             |                |                         |
| 820  |           |                   | Transmission:                      |               |                   |                    |                             |                |                         |
| 821  |           |                   | Land & Land Rights                 | 0             |                   |                    |                             |                |                         |
| 823  | 36510     |                   | Rights of Way                      | 452,087       | 244,149           | 136,235            |                             | 71,703         |                         |
| 824  | 36602     |                   | Structures & Improvements          | 13,411        | 7,243             | 4,041              |                             | 2,127          |                         |
| 825  | 36903     |                   | Other Structures                   | 47,280        | 25,534            | 14,248             |                             | 7,499          |                         |
| 826  | 36700     |                   | Mains Cathodic Protection          | 133,562       | 70,797            | 39,471             |                             | 20,774         |                         |
| 827  | 36701     |                   | Mains - Steel                      | 18,289,712    | 9,877,347         | 5,511,526          |                             | 2,900,840      |                         |
| 828  | 36900     |                   | Meas. & Reg. Equipment             | 267,055       | 144,223           | 80,476             |                             | 42,356         |                         |
| 829  | 36901     |                   | Meas. & Reg. Equipment             | 1,454,676     | 785,705           | 436,421            |                             | 230,761        |                         |
| 830  |           |                   | Total Transmission Plant           | 20,655,404    | 11,154,938        | 6,224,417          |                             | 3,278,050      |                         |
| 832  |           |                   | Distribution:                      |               |                   |                    |                             |                |                         |
| 833  |           |                   | Distribution:                      |               |                   |                    |                             |                |                         |
| 834  |           |                   | Distribution:                      |               |                   |                    |                             |                |                         |
| 835  | 37400     |                   | Land & Land Rights                 | (0)           | (0)               | (0)                | (0)                         | (0)            | (0)                     |
| 836  | 37401     |                   | Land                               | 0             |                   |                    |                             |                |                         |
| 837  | 37402     |                   | Land Rights                        | 120,248       | 65,869            | 24,720             | 4                           | 8,632          | 24                      |
| 838  | 37403     |                   | Land Other                         | 0             |                   |                    |                             |                |                         |
| 839  | 37500     |                   | Structures & Improvements          | 93,080        | 66,469            | 19,134             | 3                           | 7,456          | 19                      |
| 840  | 37501     |                   | Structures & Improvements T.B.     | 62,867        | 44,893            | 12,924             | 2                           | 5,036          | 13                      |
| 841  | 37502     |                   | Land Rights                        | 31,717        | 22,649            | 8,520              | 1                           | 2,540          | 6                       |
| 842  | 37503     |                   | Improvements                       | 1,846         | 1,177             | 339                | 0                           | 132            | 0                       |
| 843  | 37600     |                   | Mains Cathodic Protection          | 12,563,726    | 6,971,706         | 2,582,738          | 406                         | 1,006,347      | 2,528                   |
| 844  | 37601     |                   | Mains - Steel                      | 25,603,852    | 18,212,198        | 5,242,663          | 825                         | 2,042,844      | 5,131                   |
| 845  | 37602     |                   | Mains - Plastic                    | 14,330,470    | 10,233,331        | 2,945,930          | 464                         | 1,147,863      | 2,883                   |
| 846  | 37600     |                   | Meas & Reg. Sta. Equip - General   | 2,038,797     | 1,485,992         | 419,116            | 66                          | 163,206        | 410                     |
| 847  | 37600     |                   | Meas & Reg. Sta. Equip - City Gate | 336,817       | 454,746           | 130,911            | 21                          | 61,059         | 128                     |
| 848  | 37600     |                   | Meas & Reg. Sta. Equipment T.B.    | 872,464       | 623,023           | 179,353            | 28                          | 69,884         | 176                     |
| 849  | 38000     |                   | Servicelces                        | 41,215,363    | 36,886,701        | 4,480,407          | 2,682                       | 28,895         | 16,879                  |
| 850  | 38100     |                   | Meters                             | 17,354,749    | 10,371,050        | 6,462,013          | 28,660                      | 312,652        | 179,775                 |
| 851  | 38200     |                   | Meter Installations                | 22,442,436    | 13,411,408        | 8,357,191          | 37,062                      | 404,308        | 232,477                 |
| 852  | 38300     |                   | House Regulators                   | 3,398,949     | 2,031,123         | 1,265,073          | 5,613                       | 61,231         | 35,208                  |
| 853  | 38400     |                   | House Reg. Installations           | 76,980        | 45,891            | 28,658             | 127                         | 1,386          | 797                     |
| 854  | 38500     |                   | Ind. Meas. & Reg. Sta. Equipment   | 2,791,805     | 2,762,056         |                    | 1,653                       | 17,813         | 10,282                  |
| 855  | 38600     |                   | Other Prop. On Cust. Prem.         | 0             |                   |                    |                             |                |                         |
| 856  |           |                   | Total Distribution Plant           | 143,535,842   | 102,718,227       | 34,921,128         | 77,617                      | 5,332,333      | 466,537                 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |             |             |             |         |           |          |
|--|--|-------------|-------------|-------------|---------|-----------|----------|
| Class Cost of Service - Cost/Amount/Demand Study         |  |             |             |             |         |           |          |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |             |             |             |         |           |          |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |             |             |             |         |           |          |
| 858  |  |             |             |             |         |           |          |
| 859  | General:   |             |             |             |         |           |          |
| 860  |  |             |             |             |         |           |          |
| 861:   | 38000 Land & Land Rights                           | 0           |             |             |         |           |          |
| 862  | 39000 Structures Frame                             | 189,419     | 133,937     | 43,647      | 87      | 10,813    | 935      |
| 863  | 39001 Structures & Improvements                    | 0           |             |             |         |           |          |
| 864  | 39002 Improvements                                 | 66,305      | 46,884      | 15,278      | 30      | 3,785     | 327      |
| 865  | 39003 Air Conditioning Equipment                   | 166,883     | 117,391     | 38,408      | 76      | 9,515     | 623      |
| 866  | 39004 Improvement to leased Premises               | 2,570       | 1,818       | 592         | 1       | 147       | 13       |
| 867  | 39009 Office Furniture & Equipment                 | 907,725     | 841,849     | 200,164     | 416     | 51,816    | 4,479    |
| 868  | 39100 Remittance Processing Equip                  | 684,635     | 484,104     | 157,758     | 314     | 39,082    | 3,376    |
| 869  | 39102 Office Machines                              | 0           |             |             |         |           |          |
| 870  | 39103 Transportation Equipment                     | 0           |             |             |         |           |          |
| 871  | 39200 Trucks                                       | 175,813     | 124,175     | 40,468      | 81      | 10,025    | 867      |
| 872  | 39201 Trailers                                     | 30,329      | 21,445      | 6,989       | 14      | 1,731     | 150      |
| 873  | 39202 Stores Equipment                             | 0           |             |             |         |           |          |
| 874  | 39300 Tools, Shop & Garage Equipment               | 0           |             |             |         |           |          |
| 875  | 39400 Power Operated Equipment                     | 619,664     | 438,176     | 142,791     | 284     | 35,374    | 3,058    |
| 876  | 39500 Ditchers                                     | 0           |             |             |         |           |          |
| 877  | 39603 Backhoes                                     | 32,578      | 23,035      | 7,506       | 15      | 1,860     | 161      |
| 878  | 39604 Welders                                      | 48,240      | 34,111      | 11,116      | 22      | 2,754     | 238      |
| 879  | 39605 Communication Equipment                      | 22,213      | 15,707      | 5,119       | 19      | 1,288     | 110      |
| 880  | 39700 Communication Equipment - Mobile Radios      | 143,704     | 101,812     | 33,113      | 66      | 8,203     | 709      |
| 881  | 39701 Communication Equipment - Fixed Radios       | 0           |             |             |         |           |          |
| 882  | 39702 Communication Equip. - Telemetering          | 0           |             |             |         |           |          |
| 883  | 39705 Miscellaneous Equipment                      | (34,903)    | (24,680)    | (8,042)     | (16)    | (1,992)   | (172)    |
| 884  | 39800 Other Tangible Property                      | 1,212,906   | 857,643     | 279,486     | 556     | 69,238    | 5,986    |
| 885  | 39900 Other Tangible Property - Servers - HW       | 0           |             |             |         |           |          |
| 886  | 39901 Other Tangible Property - Servers - SW       | 0           |             |             |         |           |          |
| 887  | 39902 Other Tangible Property - Network - HW       | 0           |             |             |         |           |          |
| 888  | 39903 Other Tang. Property - CPU                   | 21,858      | 15,454      | 5,036       | 10      | 1,248     | 106      |
| 889  | 39904 Other Tangible Property - MF - Hardware      | 0           |             |             |         |           |          |
| 890  | 39905 Other Tang. Property - PC Hardware           | 0           |             |             |         |           |          |
| 891  | 39906 Other Tang. Property - PC Software           | 489,193     | 345,199     | 112,492     | 224     | 27,669    | 2,409    |
| 892  | 39907 Other Tang. Property - Mainframe SW          | 13,752      | 9,724       | 3,189       | 6       | 785       | 68       |
| 893  | 39908 Other Tang. Property - Application Software  | 123,516     | 87,337      | 28,481      | 57      | 7,051     | 609      |
| 894  | 39909 Other Tang. Property - General Startup Costs | 0           |             |             |         |           |          |
| 895  | Retirement Work in Progress                        | (6,935,473) | (4,904,092) | (1,598,115) | (3,179) | (385,904) | (34,223) |
| 896  | AR 15 general plant amortization                   | 588,055     | 415,812     | 135,503     | 270     | 33,560    | 2,922    |
| 897  |  |             |             |             |         |           |          |
| 898  | Total General Plant                                | (1,432,402) | (1,012,847) | (330,063)   | (657)   | (81,767)  | (7,068)  |
| 899  |  |             |             |             |         |           |          |
| 900  | TOTAL DIRECT RESERVE FOR DEPRECIATION              | 167,863,071 | 115,311,826 | 42,205,630  | 85,463  | 9,409,401 | 940,751  |
| 901  |  |             |             |             |         |           |          |
| 902  | Kentucky Mid-States General Office:                |             |             |             |         |           |          |
| 903  |  |             |             |             |         |           |          |
| 904  | Intangible Plant:                                  |             |             |             |         |           |          |
| 905  |  |             |             |             |         |           |          |
| 906  | 30100 Organization                                 | 0           |             |             |         |           |          |
| 907  | 30200 Franchises & Consents                        | 0           |             |             |         |           |          |
| 908  | 30300 Misc Intangible Plant                        | 0           |             |             |         |           |          |
| 909  |  |             |             |             |         |           |          |
| 910  | Total Intangible Plant:                            | 0           |             |             |         |           |          |
| 911  |  |             |             |             |         |           |          |
| 912  | General:   |             |             |             |         |           |          |
| 913  |  |             |             |             |         |           |          |
| 914  | 37400 Land & Land Rights                           | 0           |             |             |         |           |          |
| 915  | 39001 Structures Frame                             | 45,406      | 32,106      | 10,462      | 21      | 2,592     | 224      |
| 916  | 39002 Structures & Improvements                    | 0           |             |             |         |           |          |
| 917  | 39003 Air Conditioning Equipment                   | 0           |             |             |         |           |          |
| 918  | 39004 Improvement to leased Premises               | 3,116       | 2,204       | 718         | 1       | 178       | 15       |
| 919  | 39009 Office Furniture & Equipment                 | 20,619      | 14,580      | 4,751       | 9       | 1,177     | 102      |
| 920  | 39100 Remittance Processing Equip                  | 20,814      | 14,717      | 4,796       | 10      | 1,188     | 103      |
| 921  | 39102 Office Machines                              | 0           |             |             |         |           |          |
| 922  | 39103 Transportation Equipment                     | 0           |             |             |         |           |          |
| 923  | 39200 Trucks                                       | 2,018       | 1,427       | 465         | 1       | 115       | 10       |
| 924  | 39201 Trailers                                     | 0           |             |             |         |           |          |
| 925  | 39202 Stores Equipment                             | 0           |             |             |         |           |          |
| 926  | 39300 Tools, Shop & Garage Equipment               | 0           |             |             |         |           |          |
| 927  | 39400 Power Operated Equipment                     | 70,408      | 48,786      | 16,224      | 32      | 4,019     | 347      |
| 928  | 39500 Ditchers                                     | 2,773       | 1,961       | 630         | 1       | 158       | 14       |
| 929  | 39603 Backhoes                                     | 0           |             |             |         |           |          |
| 930  | 39604 Welders                                      | 0           |             |             |         |           |          |
| 931  | 39605 Communication Equipment                      | 108,078     | 77,765      | 25,342      | 60      | 6,278     | 543      |
| 932  | 39700 Communication Equipment - Mobile Radios      | 0           |             |             |         |           |          |
| 933  | 39701 Communication Equipment - Fixed Radios       | 0           |             |             |         |           |          |
| 934  | 39702 Communication Equip. - Telemetering          | 0           |             |             |         |           |          |
| 935  | 39705 Miscellaneous Equipment                      | 0           |             |             |         |           |          |
| 936  | 39800 Other Tangible Property                      | 319,811     | 226,137     | 73,693      | 147     | 18,256    | 1,576    |
| 937  | 39900 Other Tangible Property - Servers - HW       | 37,798      | 26,729      | 5,709       | 17      | 2,158     | 187      |
| 938  | 39901 Other Tangible Property - Servers - SW       | 161,071     | 114,317     | 37,253      | 74      | 9,229     | 758      |
| 939  | 39902 Other Tangible Property - Network - HW       | 4,061       | 2,872       | 936         | 2       | 232       | 20       |
| 940  | 39903 Other Tangible Property - Network - HW       | 102,775     | 72,672      | 23,682      | 47      | 5,807     | 507      |
| 941  | 39904 Other Tang. Property - CPU                   | 0           |             |             |         |           |          |
| 942  | 39905 Other Tangible Property - MF - Hardware      | 0           |             |             |         |           |          |
| 943  | 39906 Other Tang. Property - PC Hardware           | 159,583     | 112,841     | 36,772      | 73      | 9,110     | 787      |
| 944  | 39907 Other Tang. Property - PC Software           | 28,973      | 20,467      | 6,676       | 13      | 1,854     | 143      |
| 945  | 39908 Other Tang. Property - Mainframe SW          | 441,065     | 311,876     | 101,633     | 202     | 25,178    | 2,176    |
| 946  | 39909 Other Tang. Property - Application Software  | 0           |             |             |         |           |          |
| 947  | 39904 Other Tang. Property - General Startup Costs | 0           |             |             |         |           |          |
| 948  | Retirement Work in Progress                        | 28,230      | 19,961      | 6,506       | 13      | 1,611     | 139      |
| 949  |  |             |             |             |         |           |          |
| 950  | Total General Plant                                | 1,559,087   | 1,102,433   | 359,257     | 715     | 88,989    | 7,683    |



| Alamos Energy Corporation, Kentucky/Mid-States Division  |  |             |             |            |         |            |         |
|--|--|-------------|-------------|------------|---------|------------|---------|
| Class Cost of Service - Customer/Demand Study            |  |             |             |            |         |            |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |             |             |            |         |            |         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |             |             |            |         |            |         |
| 951  |  |             |             |            |         |            |         |
| 952  | Shared Services General Office:                    |             |             |            |         |            |         |
| 953  | General:   |             |             |            |         |            |         |
| 954  |  |             |             |            |         |            |         |
| 955  |  |             |             |            |         |            |         |
| 956  | 37400 Land & Land Rights                           | 0           |             |            |         |            |         |
| 957  | 39000 Structures & Improvements                    | 83,993      | 59,391      | 19,354     | 39      | 4,795      | 414     |
| 958  | 35502 Structures & Improvements                    | 0           |             |            |         |            |         |
| 959  | 37503 Improvements                                 | 0           |             |            |         |            |         |
| 960  | 39004 Air Conditioning Equipment                   | 0           |             |            |         |            |         |
| 961  | 39009 Improvement to leased Premises               | 492,864     | 348,573     | 113,692    | 226     | 28,140     | 2,433   |
| 962  | 39100 Office Furniture & Equipment                 | 343,950     | 243,234     | 79,264     | 168     | 19,936     | 1,697   |
| 963  | 39102 Remittance Processing Equip                  | 308         | 219         | 71         | 0       | 18         | 2       |
| 964  | 39103 Office Machines                              | 152         | 107         | 35         | 0       | 9          | 1       |
| 965  | 39200 Transportation Equipment                     | 5,440       | 3,847       | 1,254      | 2       | 311        | 27      |
| 966  | 39201 Trucks                                       | 0           |             |            |         |            |         |
| 967  | 39202 Trailers                                     | 0           |             |            |         |            |         |
| 968  | 39300 Stoves Equipment                             | 45          | 28          | 9          | 0       | 2          | 0       |
| 969  | 39400 Tools, Shop & Garage Equipment               | 11,853      | 8,381       | 2,731      | 5       | 677        | 56      |
| 970  | 39500 Power Operated Equipment                     | 590         | 410         | 134        | 0       | 33         | 3       |
| 971  | 39503 Ditchers                                     | 0           |             |            |         |            |         |
| 972  | 39504 Backhoes                                     | 0           |             |            |         |            |         |
| 973  | 39505 Welders                                      | 0           |             |            |         |            |         |
| 974  | 39700 Communication Equipment                      | 75,210      | 53,181      | 17,330     | 34      | 4,293      | 371     |
| 975  | 39701 Communication Equipment - Mobile Radios      | 0           |             |            |         |            |         |
| 976  | 39702 Communication Equipment - Fixed Radios       | 0           |             |            |         |            |         |
| 977  | 39705 Communication Equip. - Telemetering          | 0           |             |            |         |            |         |
| 978  | 39800 Miscellaneous Equipment                      | 7,384       | 5,221       | 1,701      | 3       | 421        | 36      |
| 979  | 39900 Other Tangible Property                      | 7,341       | 5,191       | 1,552      | 3       | 419        | 36      |
| 980  | 39901 Other Tangible Property - Servers - HW       | 467,812     | 330,789     | 107,796    | 214     | 26,705     | 2,308   |
| 981  | 39902 Other Tangible Property - Servers - SW       | 479,774     | 339,247     | 110,553    | 220     | 27,397     | 2,367   |
| 982  | 39903 Other Tangible Property - Network - HW       | 78,255      | 55,334      | 18,032     | 36      | 4,467      | 386     |
| 983  | 39904 Other Tang. Property - CPU                   | 902         | 636         | 298        | 0       | 51         | 4       |
| 984  | 39905 Other Tangible Property - MF - Hardware      | 810         | 573         | 187        | 0       | 48         | 4       |
| 985  | 39906 Other Tang. Property - PC Hardware           | 78,640      | 55,606      | 18,121     | 36      | 4,469      | 388     |
| 986  | 39907 Other Tang. Property - PC Software           | 29,710      | 21,008      | 6,846      | 14      | 1,696      | 147     |
| 987  | 39908 Other Tang. Property - Mainframe SW          | 4,580,798   | 3,224,926   | 1,050,928  | 2,091   | 260,348    | 22,505  |
| 988  | 39909 Other Tang. Property - Application Software  | 57,763      | 40,844      | 13,310     | 26      | 3,297      | 285     |
| 989  | 39924 Other Tang. Property - General Startup Costs | 0           |             |            |         |            |         |
| 990  | Retirement Work in Progress                        | 0           |             |            |         |            |         |
| 991  |  |             |             |            |         |            |         |
| 992  | Total General Plant                                | 6,783,719   | 4,758,747   | 1,563,147  | 3,110   | 387,241    | 33,474  |
| 993  |  |             |             |            |         |            |         |
| 994  | Shared Services Customer Support:                  |             |             |            |         |            |         |
| 995  | General:   |             |             |            |         |            |         |
| 996  |  |             |             |            |         |            |         |
| 997  |  |             |             |            |         |            |         |
| 998  | 37400 Land & Land Rights                           | 0           |             |            |         |            |         |
| 999  | 39001 Structures Frame                             | 0           |             |            |         |            |         |
| 1000   | 35502 Structures & Improvements                    | 244,219     | 172,687     | 56,275     | 112     | 13,541     | 1,205   |
| 1001   | 37503 Improvements                                 | 0           |             |            |         |            |         |
| 1002   | 39004 Air Conditioning Equipment                   | 0           |             |            |         |            |         |
| 1003   | 39009 Improvement to leased Premises               | 217,907     | 154,082     | 50,212     | 100     | 12,439     | 1,075   |
| 1004   | 39100 Office Furniture & Equipment                 | 25,521      | 18,046      | 5,881      | 12      | 1,457      | 126     |
| 1005   | 39102 Remittance Processing Equip                  | 0           |             |            |         |            |         |
| 1006   | 39103 Office Machines                              | 10          | 7           | 2          | 0       | 1          | 0       |
| 1007   | 39200 Transportation Equipment                     | 0           |             |            |         |            |         |
| 1008   | 39201 Trucks                                       | 0           |             |            |         |            |         |
| 1009   | 39202 Trailers                                     | 0           |             |            |         |            |         |
| 1010   | 39300 Stoves Equipment                             | 0           |             |            |         |            |         |
| 1011   | 39400 Tools, Shop & Garage Equipment               | 0           |             |            |         |            |         |
| 1012   | 39500 Power Operated Equipment                     | 0           |             |            |         |            |         |
| 1013   | 39503 Ditchers                                     | 0           |             |            |         |            |         |
| 1014   | 39504 Backhoes                                     | 0           |             |            |         |            |         |
| 1015   | 39505 Welders                                      | 0           |             |            |         |            |         |
| 1016   | 39700 Communication Equipment                      | (330,726)   | (240,219)   | (78,282)   | (159)   | (19,393)   | (1,675) |
| 1017   | 39701 Communication Equipment - Mobile Radios      | 0           |             |            |         |            |         |
| 1018   | 39702 Communication Equipment - Fixed Radios       | 0           |             |            |         |            |         |
| 1019   | 39705 Communication Equip. - Telemetering          | 0           |             |            |         |            |         |
| 1020   | 39800 Miscellaneous Equipment                      | 201         | 142         | 46         | 0       | 11         | 1       |
| 1021   | 39900 Other Tangible Property                      | 17,822      | 12,460      | 4,060      | 8       | 1,006      | 87      |
| 1022   | 39901 Other Tangible Property - Servers - HW       | 217,659     | 153,906     | 50,154     | 100     | 12,425     | 1,074   |
| 1023   | 39902 Other Tangible Property - Servers - SW       | 61,188      | 43,206      | 14,099     | 26      | 3,493      | 302     |
| 1024   | 39903 Other Tangible Property - Network - HW       | 6,690       | 4,730       | 1,541      | 3       | 382        | 33      |
| 1025   | 39904 Other Tang. Property - CPU                   | 0           |             |            |         |            |         |
| 1026   | 39905 Other Tangible Property - MF - Hardware      | 0           |             |            |         |            |         |
| 1027   | 39906 Other Tang. Property - PC Hardware           | (2,011)     | (1,422)     | (463)      | (1)     | (115)      | (10)    |
| 1028   | 39907 Other Tang. Property - PC Software           | (298)       | (202)       | (68)       | (0)     | (17)       | (1)     |
| 1029   | 39908 Other Tang. Property - Mainframe SW          | 2,859,926   | 2,022,245   | 659,002    | 1,311   | 163,256    | 14,112  |
| 1030   | 39909 Other Tang. Property - Application Software  | 874         | 477         | 155        | 0       | 38         | 3       |
| 1031   | 39924 Other Tang. Property - General Startup Costs | 1,495       | 1,057       | 344        | 1       | 65         | 7       |
| 1032   | Retirement Work in Progress                        | 462         | 327         | 107        | 0       | 26         | 2       |
| 1033   |  |             |             |            |         |            |         |
| 1034   | Total General Plant                                | 3,311,541   | 2,341,580   | 763,066    | 1,518   | 189,036    | 16,341  |
| 1035   |  |             |             |            |         |            |         |
| 1036   | TOTAL RESERVE FOR DEPRECIATION                     | 179,617,428 | 123,552,586 | 44,891,100 | 100,805 | 10,074,677 | 998,280 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                       |                                    |               |                   |                    |                             |                |                         |  |
|--|-----------------------|------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Customer/Demand Study            |                       |                                    |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |                                    |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF OTHER RATE BASE                            |                       |                                    |               |                   |                    |                             |                |                         |  |
| Customer   |                       |                                    |               |                   |                    |                             |                |                         |  |
| Line No.   | Allocation Factor     | Allocation Basis                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 1  | Rate Base Additions:  |                                    |               |                   |                    |                             |                |                         |  |
| 2  |                       |                                    |               |                   |                    |                             |                |                         |  |
| 3  |                       | 7.2. Allocated O&M Expenses - Cust | (133,382)     | (110,442)         | (22,060)           | (49)                        | (534)          | (307)                   |  |
| 4  |                       | 7.2. Allocated O&M Expenses - Cust | 218,803       | 181,158           | 38,185             | 80                          | 878            | 504                     |  |
| 5  |                       | 7.2. Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 6  |                       | 7.2. Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 7  |                       | 99.0. Gas Storage Inventory        | 0             |                   |                    |                             |                |                         |  |
| 8  |                       | 7.2. Allocated O&M Expenses - Cust | 35,904        | 29,727            | 5,938              | 13                          | 144            | 83                      |  |
| 9  |                       | 7.2. Allocated O&M Expenses - Cust | 299           | 297               | 47                 | 0                           | 1              | 1                       |  |
| 10   |                       | 7.2. Allocated O&M Expenses - Cust | 245,515       | 203,274           | 40,602             | 90                          | 893            | 565                     |  |
| 11   |                       | 7.2. Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 12   |                       | 7.2. Allocated O&M Expenses - Cust | 577,278       | 477,958           | 95,467             | 212                         | 2,311          | 1,300                   |  |
| 13   |                       | 7.2. Allocated O&M Expenses - Cust | 68,750        | 55,268            | 11,039             | 25                          | 267            | 154                     |  |
| 14   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 15   |                       | Total Rate Base Additions          | 1,011,144     | 837,177           | 187,218            | 372                         | 4,048          | 2,329                   |  |
| 16   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 17   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 18   | Rate Base Deductions: |                                    |               |                   |                    |                             |                |                         |  |
| 19   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 20   |                       | 2.0. Bills                         | (1,767,642)   | (1,573,417)       | (192,155)          | (115)                       | (1,239)        | (715)                   |  |
| 21   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 22   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 23   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 24   |                       | 9.2. Allocated Net Plant - Cust    | (52,389,214)  | (42,429,794)      | (9,515,632)        | (23,339)                    | (254,209)      | (148,241)               |  |
| 25   |                       | 9.2. Allocated Net Plant - Cust    | (91,722)      | (74,314)          | (16,666)           | (41)                        | (445)          | (256)                   |  |
| 26   |                       | 9.2. Allocated Net Plant - Cust    | 16,552,512    | 13,411,007        | 3,007,856          | 7,377                       | 80,348         | 46,223                  |  |
| 27   |                       | 9.2. Allocated Net Plant - Cust    | (1,114,442)   | (902,526)         | (202,497)          | (497)                       | (5,410)        | (3,112)                 |  |
| 28   |                       | 9.2. Allocated Net Plant - Cust    | (3,834,744)   | (3,106,828)       | (656,784)          | (1,709)                     | (18,514)       | (10,709)                |  |
| 29   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 30   |                       | Total Rate Base Deductions         | (42,625,154)  | (34,676,373)      | (7,616,079)        | (18,324)                    | (189,568)      | (114,810)               |  |
| 31   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 32   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 33   |                       | TOTAL OTHER RB - CUSTOMER          | (41,614,010)  | (33,839,196)      | (7,448,861)        | (17,952)                    | (195,520)      | (112,481)               |  |
| 34   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 35   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |                       |                                 |               |                   |                    |                             |                |                         |
|--|-----------------------|---------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |                       |                                 |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |                                 |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |                       |                                 |               |                   |                    |                             |                |                         |
| Demand   |                       |                                 |               |                   |                    |                             |                |                         |
| Line No.   | Allocation Factor     | Allocation Basis                | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 35   | Rate Base Additions:  |                                 |               |                   |                    |                             |                |                         |
| 36   |                       |                                 |               |                   |                    |                             |                |                         |
| 37   | 7.4                   | Allocated O&M Expenses - Demand | (43,845)      | (23,676)          | (13,212)           | -                           | (6,954)        | -                       |
| 38   | 7.4                   | Allocated O&M Expenses - Demand | 71,919        | 39,840            | 21,672             | -                           | 11,407         | -                       |
| 39   | 7.4                   | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       |
| 40   | 7.4                   | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       |
| 41   | 99.0                  | -                               | 0             | -                 | -                  | -                           | -              | -                       |
| 42   | 7.4                   | Allocated O&M Expenses - Demand | 11,801        | 6,373             | 3,558              | -                           | 1,872          | -                       |
| 43   | 7.4                   | Allocated O&M Expenses - Demand | 94            | 51                | 28                 | -                           | 15             | -                       |
| 44   | 7.4                   | Allocated O&M Expenses - Demand | 60,689        | 43,861            | 24,318             | -                           | 12,799         | -                       |
| 45   | 7.4                   | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       |
| 46   | 7.4                   | Allocated O&M Expenses - Demand | 180,747       | 102,473           | 57,179             | -                           | 30,985         | -                       |
| 47   | 7.4                   | Allocated O&M Expenses - Demand | 21,940        | 11,849            | 6,612              | -                           | 3,480          | -                       |
| 48   |                       |                                 |               |                   |                    |                             |                |                         |
| 49   |                       | Total Rate Base Additions       | 332,365       | 178,488           | 100,154            | 0                           | 52,713         | 0                       |
| 50   |                       |                                 |               |                   |                    |                             |                |                         |
| 51   | Rate Base Deductions: |                                 |               |                   |                    |                             |                |                         |
| 52   |                       |                                 |               |                   |                    |                             |                |                         |
| 53   |                       |                                 |               |                   |                    |                             |                |                         |
| 54   | 99.0                  | -                               | 0             | -                 | -                  | -                           | -              | -                       |
| 55   | 99.0                  | -                               | 0             | -                 | -                  | -                           | -              | -                       |
| 56   | 99.0                  | -                               | 0             | -                 | -                  | -                           | -              | -                       |
| 57   | 99.0                  | -                               | 0             | -                 | -                  | -                           | -              | -                       |
| 58   | 9.4                   | Allocated Net Plant - Demand    | (26,759,158)  | (13,811,215)      | (7,762,410)        | -                           | (4,085,531)    | -                       |
| 59   | 9.4                   | Allocated Net Plant - Demand    | (45,119)      | (24,365)          | (13,596)           | -                           | (7,158)        | -                       |
| 60   | 9.4                   | Allocated Net Plant - Demand    | 8,141,831     | 4,995,691         | 2,463,508          | -                           | 1,291,335      | -                       |
| 61   | 9.4                   | Allocated Net Plant - Demand    | (548,167)     | (296,037)         | (165,189)          | -                           | (86,943)       | -                       |
| 62   | 9.4                   | Allocated Net Plant - Demand    | (1,888,219)   | (1,018,851)       | (568,404)          | -                           | (289,164)      | -                       |
| 63   |                       |                                 |               |                   |                    |                             |                |                         |
| 64   |                       | Total Rate Base Deductions      | (20,066,827)  | (10,853,278)      | (8,068,092)        | -                           | (3,187,457)    | -                       |
| 65   |                       |                                 |               |                   |                    |                             |                |                         |
| 66   |                       |                                 |               |                   |                    |                             |                |                         |
| 67   |                       | TOTAL OTHER RB - DEMAND         | (19,764,471)  | (10,673,790)      | (5,955,938)        | -                           | (3,134,744)    | -                       |
| 68   |                       |                                 |               |                   |                    |                             |                |                         |
| 69   | 3.0                   | Peak Day                        | 0             | -                 | -                  | -                           | -              | -                       |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |   |                   |                               |               |                   |                    |                             |                |                         |
|--|---|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |   |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |   |                   |                               |               |                   |                    |                             |                |                         |
| Commodity  |   |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   | Commodity                                   | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 69   | Rate Base Additions:                        |                   |                               |               |                   |                    |                             |                |                         |
| 71   | Materials and Supplies - KY Direct          | 7.6               | Allocated O&M Expenses - Comm | (558,566)     | (332,144)         | (218,139)          | (7,654)                     | (294)          | (285)                   |
| 72   | Materials and Supplies - KY Mid-States GO   | 7.6               | Allocated O&M Expenses - Comm | 916,216       | 544,816           | 357,813            | 12,621                      | 482            | 484                     |
| 73   | Materials and Supplies - Shared Services GO | 7.6               | Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 74   | Materials and Supplies - Shared Services CS | 7.6               | Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 75   | Gas Storage Inventory                       | 1.0               | Mcf                           | 6,229,573     | 1,959,274         | 1,285,752          | 62,320                      | 1,397,330      | 1,524,897               |
| 76   | Prepayments - KY Direct                     | 7.6               | Allocated O&M Expenses - Comm | 150,345       | 89,401            | 58,715             | 2,071                       | 79             | 79                      |
| 77   | Prepayments - KY Mid-States GO              | 7.6               | Allocated O&M Expenses - Comm | 1,197         | 712               | 488                | 16                          | 1              | 1                       |
| 78   | Prepayments - Shared Services GO            | 7.6               | Allocated O&M Expenses - Comm | 1,028,071     | 611,530           | 401,465            | 14,151                      | 541            | 543                     |
| 79   | Prepayments - Shared Services CS            | 7.6               | Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 80   | Cash Working Capital                        | 7.6               | Allocated O&M Expenses - Comm | 2,417,299     | 1,437,416         | 944,036            | 33,298                      | 1,272          | 1,277                   |
| 81   | Regulatory Assets                           | 7.6               | Allocated O&M Expenses - Comm | 279,509       | 166,206           | 109,158            | 3,850                       | 147            | 148                     |
| 82   |   |                   |                               |               |                   |                    |                             |                |                         |
| 83   | Total Rate Base Additions                   |                   |                               | 10,463,645    | 4,477,011         | 2,939,299          | 120,643                     | 1,399,658      | 1,527,133               |
| 84   |   |                   |                               |               |                   |                    |                             |                |                         |
| 85   | Rate Base Deductions:                       |                   |                               |               |                   |                    |                             |                |                         |
| 86   | Customer Advances - KY Direct               | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 88   | Customer Advances - KY Mid-States GO        | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 89   | Customer Advances - Shared Services GO      | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 90   | Customer Advances - Shared Services CS      | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 91   |   |                   |                               |               |                   |                    |                             |                |                         |
| 92   | ADIT - KY Direct                            | 9.6               | Allocated Net Plant - Comm    | (1,239,012)   | (485,831)         | (283,079)          | (8,283)                     | (227,358)      | (222,489)               |
| 93   | ADIT - KY Mid-States GO                     | 9.6               | Allocated Net Plant - Comm    | (2,168)       | (851)             | (513)              | (19)                        | (399)          | (390)                   |
| 94   | ADIT - Shared Services GO                   | 9.6               | Allocated Net Plant - Comm    | 391,305       | 153,559           | 92,635             | 2,929                       | 71,863         | 70,920                  |
| 95   | ADIT - Shared Services CS                   | 9.6               | Allocated Net Plant - Comm    | (28,345)      | (10,339)          | (5,237)            | (157)                       | (4,839)        | (4,734)                 |
| 96   | Change in Net Operating Loss Carryforward   | 9.6               | Allocated Net Plant - Comm    | (90,654)      | (35,676)          | (21,461)           | (678)                       | (16,649)       | (16,291)                |
| 97   |   |                   |                               |               |                   |                    |                             |                |                         |
| 98   | Total Rate Base Deductions                  |                   |                               | (965,875)     | (379,037)         | (228,655)          | (7,227)                     | (177,381)      | (173,675)               |
| 99   |   |                   |                               |               |                   |                    |                             |                |                         |
| 100  |   |                   |                               |               |                   |                    |                             |                |                         |
| 101  | TOTAL OTHER RB - COMMODITY                  |                   |                               | 9,497,770     | 4,097,974         | 2,710,644          | 113,416                     | 1,222,177      | 1,353,558               |
| 102  |   |                   |                               |               |                   |                    |                             |                |                         |
| 103  | Interest on Customer Deposits               | 1.0               | Mcf                           | 0             |                   |                    |                             |                |                         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                       |   |               |                   |                    |                             |                |                         |
|--|-----------------------|---|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |                       |   |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |   |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |                       |   |               |                   |                    |                             |                |                         |
| Total Other Rate Base                                    |                       |   |               |                   |                    |                             |                |                         |
| Line No.   | Allocation Factor     | Allocation Basis                            | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 103  | Rate Base Additions:  |   |               |                   |                    |                             |                |                         |
| 104  |                       |   |               |                   |                    |                             |                |                         |
| 105  |                       | Materials and Supplies - KY Direct          | (735,803)     | (466,265)         | (263,411)          | (7,743)                     | (7,762)        | (802)                   |
| 106  |                       | Materials and Supplies - KY Mid-States GO   | 1,206,937     | 764,814           | 415,670            | 12,701                      | 12,765         | 988                     |
| 107  |                       | Materials and Supplies - Shared Services GO | 0             | -                 | -                  | -                           | -              | -                       |
| 108  |                       | Materials and Supplies - Shared Services CS | 0             | -                 | -                  | -                           | -              | -                       |
| 109  |                       | Gas Storage Inventory                       | 6,229,573     | 1,959,274         | 1,285,752          | 62,320                      | 1,397,330      | 1,524,897               |
| 110  |                       | Prepayments - KY Direct                     | 190,051       | 125,501           | 63,208             | 2,064                       | 2,066          | 162                     |
| 111  |                       | Prepayments - KY Mid-States GO              | 1,577         | 1,000             | 543                | 17                          | 17             | 1                       |
| 112  |                       | Prepayments - Shared Services GO            | 1,354,285     | 858,188           | 488,417            | 14,252                      | 14,323         | 1,108                   |
| 113  |                       | Prepayments - Shared Services CS            | 0             | -                 | -                  | -                           | -              | -                       |
| 114  |                       | Cash Working Capital                        | 3,184,324     | 2,017,847         | 1,056,683          | 33,510                      | 33,678         | 2,506                   |
| 115  |                       | Regulatory Assets                           | 368,199       | 233,321           | 128,808            | 3,875                       | 3,894          | 301                     |
| 116  |                       |   |               |                   |                    |                             |                |                         |
| 117  |                       | Total Rate Base Additions                   | 11,807,144    | 5,493,677         | 3,206,671          | 121,015                     | 1,456,319      | 1,529,462               |
| 118  |                       |   |               |                   |                    |                             |                |                         |
| 119  |                       |   |               |                   |                    |                             |                |                         |
| 120  | Rate Base Deductions: |   |               |                   |                    |                             |                |                         |
| 121  |                       |   |               |                   |                    |                             |                |                         |
| 122  |                       | Customer Advances - KY Direct               | (1,767,642)   | (1,573,417)       | (192,155)          | (115)                       | (1,238)        | (716)                   |
| 123  |                       | Customer Advances - KY Mid-States GO        | 0             | -                 | -                  | -                           | -              | -                       |
| 124  |                       | Customer Advances - Shared Services GO      | 0             | -                 | -                  | -                           | -              | -                       |
| 125  |                       | Customer Advances - Shared Services CS      | 0             | -                 | -                  | -                           | -              | -                       |
| 126  |                       | ADIT - KY Direct                            | (79,368,383)  | (56,828,840)      | (17,571,121)       | (52,602)                    | (4,567,068)    | (368,721)               |
| 127  |                       | ADIT - KY Mid-States GO                     | (139,007)     | (89,630)          | (50,770)           | (57)                        | (7,599)        | (646)                   |
| 128  |                       | ADIT - Shared Services GO                   | 25,085,748    | 17,961,557        | 5,553,798          | 10,305                      | 1,443,547      | 116,544                 |
| 129  |                       | ADIT - Shared Services CS                   | (1,688,954)   | (1,209,302)       | (373,822)          | (694)                       | (97,190)       | (7,847)                 |
| 130  |                       | Change In Net Operating Loss Carryforward   | (5,811,817)   | (4,161,155)       | (1,286,648)        | (2,387)                     | (334,427)      | (27,000)                |
| 131  |                       |   |               |                   |                    |                             |                |                         |
| 132  |                       | Total Rate Base Deductions                  | (63,667,855)  | (45,906,687)      | (18,900,825)       | (25,550)                    | (9,564,407)    | (288,385)               |
| 133  |                       |   |               |                   |                    |                             |                |                         |
| 134  |                       |   |               |                   |                    |                             |                |                         |
| 135  |                       | TOTAL OTHER RB                              | (51,860,711)  | (40,415,011)      | (10,694,154)       | 95,464                      | (2,108,088)    | 1,241,077               |
| 136  |                       |   |               |                   |                    |                             |                |                         |
| 137  |                       | Interest on Customer Deposits               | 0             | -                 | -                  | -                           | -              | -                       |

Alamos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Customer Demand Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF O&M EXPENSES

| Line No. | Acct. No. | Customer   | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-----------|--|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 1        |           | Production & Gathering:                              |                   |                  |               |                   |                    |                             |                |                         |
| 2        |           | Operation  |                   |                  | 99.0          | 0                 |                    |                             |                |                         |
| 3        | 7500      | Op. Sup. & Eng.                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 4        | 7510      | Production Maps & Records                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 5        | 7530      | Field Leases Expenses                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 6        | 7540      | Field Compressor Station Expense                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 7        | 7550      | Field Compressor Sta. Fuel & Pow.                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 8        | 7560      | Field Meas. & Regul. Station Exp.                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 9        | 7570      | Purification Expense                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 10       | 7590      | Other Expenses                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 11       |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 12       | 7610      | Maint. Sup. & Eng.                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 13       | 7620      | Structures and Improvements                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 14       | 7640      | Field Line Maintenance                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 15       | 7650      | Compressor Station Equip. Maint.                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 16       | 7660      | Meas. & Regul. Station Equip Maint.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 17       | 7670      | Purification Equipment Maintenance                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 18       | 7680      | Other Equipment Maintenance                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 19       | 7690      | Gas Processed by Others                              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 20       |           | Total Production & Gathering                         |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 21       |           | Other Gas Supply Expenses:                           |                   |                  |               |                   |                    |                             |                |                         |
| 22       |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 23       | 8001      | Intercompany Gas Well-head Purchases                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 24       | 8040      | Natural Gas City Gate Purchases                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 25       | 8045      | Transportation to City Gate                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 26       | 8050      | Transportation-Operation supervision and engineering | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 27       | 8055      | Other Gas Purchases / Gas Cost Adjustments           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 28       | 8061      | PGA for Commercial                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 29       | 8063      | PGA for Industrial                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 30       | 8064      | PGA for Public Authority                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 31       | 8067      | PGA for Transportation Sales                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 32       | 8068      | Unbilled PGA Costs                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 33       | 8069      | PGA Offset to Unrecovered Gas Cost                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 34       | 8090      | Exchange Gas   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 35       | 8091      | Gas Withdrawn From Storage - Debit                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 36       | 8092      | Gas Delivered to Storage                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 37       | 8120      | Gas Used for Other Utility Operations                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 38       | 8130      | Other Gas Supply Expenses                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 39       |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 40       | 8350      | Maint. Of Purch. Gas Meas. Stn.                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 41       |           | Total Other Gas Supply Expenses                      |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 42       |           | Underground Storage:                                 |                   |                  |               |                   |                    |                             |                |                         |
| 43       |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 44       | 8140      | Op. Sup. & Eng.                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 45       | 8150      | Maps & Records                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 46       | 8160      | Wells Expense  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 47       | 8170      | Lines Expense  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 48       | 8180      | Compressor Station Expense                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 49       | 8190      | Compressor Station Fuel & Power                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 50       | 8200      | Meas. & Regul. Station Expenses                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 51       | 8210      | Purification Expenses                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 52       | 8220      | Exploration & Development                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 53       | 8230      | Gas Losses   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 54       | 8240      | Other Expenses                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 55       | 8250      | Storage Well Royalties                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 56       | 8260      | Rents  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 57       |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 58       | 8300      | Maint. Sup. & Eng.                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 59       | 8310      | Structures and Improvements                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 60       | 8320      | Reservoirs & Wells Maintenance                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 61       | 8330      | Line Maintenance                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 62       | 8340      | Compressor Station Equip Maint.                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 63       | 8350      | Meas. & Regul. Station Equip Maint.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 64       | 8360      | Purification Equipment Maintenance                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 65       | 8370      | Other Equipment Maintenance                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 66       |           | Total Underground Storage Expense                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 67       |           | Transmission:  |                   |                  |               |                   |                    |                             |                |                         |
| 68       |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 69       | 8500      | Op. Sup. & Eng.                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 70       | 8510      | System Control & Load Dispatching                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 71       | 8520      | Communication Systems Expense                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 72       | 8530      | Compressor Station Labor Expense                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 73       | 8540      | Compressor Station Fuel Gas                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 74       | 8550      | Compressor Station Fuel & Power                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 75       | 8560      | Mains Expense  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 76       | 8570      | Meas. & Regul. Station Expenses                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 77       | 8580      | LDC Payment  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 78       | 8590      | LDC Payment - AAG                                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 79       | 8600      | Other Expenses                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 80       |           | Rents  |                   |                  |               |                   |                    |                             |                |                         |
| 81       | 8610      | Maint. Sup. & Eng.                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 82       | 8620      | Structures and Improvements                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 83       | 8630      | Mains  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 84       | 8640      | Compressor Station Equip Maint.                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 85       | 8650      | Meas. & Regul. Station Equip Maint.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 86       | 8660      | Communication Equipment Maintenance                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 87       | 8670      | Other Equipment Maintenance                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 88       |           | Total Transmission Expense                           |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |

| Almos Energy Corporation, Kentucky Mid-States Division   |   |   |             |            |           |       |
|--|---|---|-------------|------------|-----------|-------|
| Class Cost of Service - Customer Demand Study            |   |   |             |            |           |       |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |   |             |            |           |       |
| ALLOCATION OF O&M EXPENSES                               |   |   |             |            |           |       |
| 93   |   |   |             |            |           |       |
| 94   | Distribution:   |   |             |            |           |       |
| 95   | Operation:  |   |             |            |           |       |
| 96   | 6700 Supervision and Engineering                                    | 10.2 Composite of Accts. 871-879 & 888-893 - Cust                 | 745,695     | 297,859    | 141,039   | 359   |
| 97   | 8710 Distribution Load Dispatching                                  | 99.0 -  | 0           | -          | -         | 4,018 |
| 98   | 8711 Outstation   | 99.0 -  | 0           | -          | -         | 2,311 |
| 99   | 8720 Compressor Station Labor & Expenses                            | 11.2 Composite of Accts. 376 & 380 - Cust                         | 2,372,879   | 2,112,152  | 257,849   | 154   |
| 100  | 8740 Mains & Services   | 12.2 Composite of Accts. 374-379 - Cust                           | 159,881     | 174,160    | 21,272    | 13    |
| 101  | 8750 Measuring and Regulating Station Exp. - Gen                    | 2.2 Non-Residential Bils  | 27,536      | -          | -         | 19    |
| 102  | 8770 Measuring and Regulating Station Exp. - City Gate              | 11.2 Composite of Accts. 376 & 380 - Cust                         | 57,173      | 50,891     | 6,215     | 4     |
| 103  | 8780 Meters and House Regulator Expense                             | 13.2 Composite of Accts. 381-383 - Cust                           | 894,900     | 528,809    | 329,522   | 1,461 |
| 104  | 8790 Customer Installations Expense                                 | 2.0 Bils  | 659         | 513        | 75        | 0     |
| 105  | 8900 Other Expense  | 10.2 Composite of Accts. 871-879 & 888-893 - Cust                 | 145,230     | 116,457    | 27,468    | 72    |
| 106  | 8910 Rents  | 10.2 Composite of Accts. 871-879 & 888-893 - Cust                 | 262,985     | 228,920    | 53,523    | 140   |
| 107  | Maintenance   |   |             |            |           |       |
| 108  | 8950 Maintenance Supervision and Engineering                        | 10.2 Composite of Accts. 871-879 & 888-893 - Cust                 | 1,538       | 1,234      | 291       | 1     |
| 109  | 8960 Maintenance of Structures and Improvements                     | 12.2 Composite of Accts. 374-379 - Cust                           | 10,557      | 9,397      | 1,148     | 7     |
| 110  | 8970 Maintenance of Mains   | 12.2 Composite of Accts. 374-379 - Cust                           | 21,149      | 19,625     | 2,299     | 1     |
| 111  | 8980 Maintenance of compressor station equipment                    | 99.0 -  | 0           | -          | -         | 15    |
| 112  | 8990 Maint. of Measuring and Regulating Station Equip. - General    | 12.2 Composite of Accts. 374-379 - Cust                           | 3,050       | 2,715      | 332       | 0     |
| 113  | 8910 Maint. of Measuring and Regulating Station Equip. - Industrial | 2.2 Non-Residential Bils  | 9,133       | 9,629      | 6         | 2     |
| 114  | 8920 Maint. of Measuring and Regulating Station Equip. - City Gate  | 12.2 Composite of Accts. 374-379 - Cust                           | 11,830      | 10,631     | 1,246     | 6     |
| 115  | 8930 Maintenance of Services  | 14.2 Account 380 - Cust   | 3,522       | 3,135      | 383       | 0     |
| 116  | 8940 Maintenance of Meters and House Regulators                     | 13.2 Composite of Accts. 381-383 - Cust                           | 103,292     | 62,921     | 39,299    | 174   |
| 117  | 8950 Maintenance of Other Equipment                                 | 10.2 Composite of Accts. 871-879 & 888-893 - Cust                 | 45,258      | 38,897     | 9,127     | 26    |
| 118  | Total Distribution  |   | 4,932,698   | 3,855,436  | 932,655   | 2,440 |
| 119  | Customer Accounts:  |   |             |            |           |       |
| 120  | 9010 Supervision  | 2.0 Bils  | 0           | -          | -         | 74    |
| 121  | 9020 Meter Reading Expense  | 2.0 Bils  | 1,130,015   | 1,005,852  | 122,841   | 792   |
| 122  | 9030 Customer Records and Collection Expenses                       | 2.0 Bils  | 377,024     | 336,597    | 40,685    | 25    |
| 123  | 9040 Uncollectible Accounts   | 2.0 Bils  | 313,408     | 276,955    | 34,072    | 20    |
| 124  | 9050 Miscellaneous Customer Accounts Expenses                       | 2.0 Bils  | 0           | 0          | 0         | 220   |
| 125  | Total Customer Accounts   |   | 1,820,457   | 1,620,456  | 197,688   | 118   |
| 126  | Customer Service and Information:                                   |   |             |            |           |       |
| 127  | 9070 Supervision  | 2.0 Bils  | 0           | -          | -         | 86    |
| 128  | 9080 Customer Assistance Expenses                                   | 2.0 Bils  | 0           | -          | -         | 86    |
| 129  | 9090 Informational and Instructional Advertising Expenses           | 2.0 Bils  | 122,978     | 109,465    | 13,999    | 8     |
| 130  | 9100 Miscellaneous Customer Service and Information Expenses        | 2.0 Bils  | 179         | 159        | 19        | 0     |
| 131  | Total Customer Service and Information                              |   | 123,157     | 109,624    | 13,368    | 8     |
| 132  | Sales:  |   |             |            |           |       |
| 133  | 9110 Supervision  | 2.0 Bils  | 282,261     | 224,543    | 27,433    | 16    |
| 134  | 9120 Demotrating and Selling Expenses                               | 2.0 Bils  | 54,618      | 49,617     | 5,537     | 4     |
| 135  | 9130 Advertising Expenses   | 2.0 Bils  | 22,474      | 20,004     | 2,443     | 1     |
| 136  | 9140 Miscellaneous Sales Expenses                                   | 2.0 Bils  | (45,789)    | (40,784)   | (4,578)   | (3)   |
| 137  | Total Sales   |   | 263,557     | 252,400    | 30,835    | 18    |
| 138  | Administrative & General:   |   |             |            |           |       |
| 139  | 9200 Office Supplies and Expenses                                   | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | (1,055,304) | (871,266)  | (176,775) | (400) |
| 140  | 9210 Administrative Expenses Transferred - Customer Support         | 2.0 Bils  | 6,210       | 4,301      | 873       | 2     |
| 141  | 9220 Administrative Expenses Transferred - General                  | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 10,569,833  | 8,809,085  | 1,787,919 | 4,045 |
| 142  | 9230 Outside Services Employed                                      | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 142,204     | 117,405    | 23,821    | 64    |
| 143  | 9240 Property Insurance   | 9.2 Allocated Net Plant - Cust                                    | 5,363       | 4,361      | 879       | 2     |
| 144  | 9250 Injuries and Damages   | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 163,159     | 134,705    | 27,531    | 62    |
| 145  | 9260 Employee Pensions and Benefits                                 | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 1,664,232   | 1,374,001  | 278,788   | 631   |
| 146  | 9270 Franchise Requirements   | 2.0 Bils  | 53          | 74         | 9         | 0     |
| 147  | 9280 Regulatory Commission Expenses                                 | 2.0 Bils  | 278,594     | 247,083    | 30,285    | 18    |
| 148  | 9290 General Advertising Expenses                                   | 2.0 Bils  | 0           | 0          | 0         | 115   |
| 149  | 9300 Miscellaneous General Expense                                  | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | (18,007)    | (14,897)   | (3,016)   | (7)   |
| 150  | 9310 Rents  | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | (7,474)     | (6,501)    | (1,519)   | (3)   |
| 151  | Maintenance   |   |             |            |           |       |
| 152  | 9320 Maintenance of General Plant                                   | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 1,109       | 918        | 188       | 0     |
| 153  | Total AGC   |   | 11,848,621  | 9,800,158  | 1,988,468 | 4,405 |
| 154  |   |   |             |            |           |       |
| 155  |   |   |             |            |           |       |
| 156  |   |   |             |            |           |       |
| 157  |   |   |             |            |           |       |
| 158  |   |   |             |            |           |       |
| 159  |   |   |             |            |           |       |
| 160  |   |   |             |            |           |       |
| 161  | TOTAL O&M EXPENSE - CUSTOMER  |   | 19,008,499  | 15,738,055 | 3,143,624 | 6,899 |

| ALLOCATION OF O&M EXPENSES |           |  |                   |                  |               |                   |                    |                             |                |                         |
|----------------------------|-----------|--|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Line No.                   | Acct. No. | Demand   | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 162                        |           | Production & Gathering: Operation                  |                   |                  |               |                   |                    |                             |                |                         |
| 164                        | 7520      | Op. Sup. & Eng.                                    | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 165                        | 7510      | Production Meas & Records                          | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 166                        | 7530      | Field Lines Expenses                               | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 167                        | 7540      | Field Compressor Station Expense                   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 168                        | 7550      | Field Compressor Sta. Fuel & Power                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 169                        | 7560      | Field Meas. & Regul. Station Exp                   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 170                        | 7570      | Purification Expense                               | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 171                        | 7590      | Other Expenses                                     | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 172                        |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 173                        | 7610      | Maint. Sup. & Eng.                                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 174                        | 7620      | Structures and Improvements                        | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 175                        | 7640      | Field Line Maintenance                             | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 176                        | 7650      | Compressor Station Equip. Maint.                   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 177                        | 7680      | Meas. & Regul. Station Equip Maint                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 178                        | 7670      | Purification Equipment Maintenance                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 179                        | 7680      | Other Equipment Maintenance                        | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 180                        | 7690      | Gas Processed by Others                            | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 181                        |           | Total Production & Gathering                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 182                        |           | Other Gas Supply Expenses:                         |                   |                  |               |                   |                    |                             |                |                         |
| 183                        |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 184                        | 8001      | Intercompany Gas Well-head Purchases               | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 185                        | 8040      | Natural Gas City Gate Purchases                    | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 187                        | 8045      | Transportation to City Gate                        | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 188                        | 8090      | Transmission-Operation supervision and engineering | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 189                        | 6051      | Other Gas Purchases / Gas Cost Adjustments         | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 190                        | 8052      | PGA for Commercials                                | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 191                        | 8073      | PGA for Industrial                                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 192                        | 8054      | PGA for Public Authority                           | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 193                        | 8077      | PGA for Transportation Sales                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 194                        | 8053      | Unaffiliated PGA Costs                             | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 195                        | 8059      | PGA Offset to Unrecovered Gas Cost                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 196                        | 8060      | Exchange Gas                                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 197                        | 8081      | Gas Withdrawn From Storage - Debit                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 198                        | 8082      | Gas Delivered to Storage                           | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 199                        | 8120      | Gas Used for Other Utility Operations              | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 200                        | 8130      | Other Gas Supply Expenses                          | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 201                        |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 202                        | 8350      | Maint. Of Purch. Gas Meas. Sta.                    | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 203                        |           | Total Other Gas Supply Expenses                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 204                        |           | Underground Storage:                               |                   |                  |               |                   |                    |                             |                |                         |
| 205                        |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 206                        | 8140      | Op. Sup. & Eng.                                    | 3.0 Peak Day      |                  | (97)          | (20)              | (11)               | -                           | (6)            | -                       |
| 208                        | 8150      | Meas & Records                                     | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 209                        | 8160      | Wells Expense                                      | 3.0 Peak Day      |                  | 46,003        | 24,644            | 13,863             | -                           | 7,295          | -                       |
| 210                        | 8170      | Lines Expenses                                     | 3.0 Peak Day      |                  | 18,217        | 9,838             | 5,460              | -                           | 2,889          | -                       |
| 211                        | 8180      | Compressor Station Expense                         | 3.0 Peak Day      |                  | 13,804        | 7,109             | 3,957              | -                           | 2,088          | -                       |
| 212                        | 8190      | Compressor Station Fuel & Power                    | 3.0 Peak Day      |                  | 348           | 168               | 105                | -                           | 55             | -                       |
| 213                        | 8200      | Meas. & Regul. Station Expenses                    | 3.0 Peak Day      |                  | 1,370         | 740               | 413                | -                           | 217            | -                       |
| 214                        | 8210      | Purification Expenses                              | 3.0 Peak Day      |                  | 23,240        | 12,551            | 7,003              | -                           | 3,685          | -                       |
| 215                        | 8220      | Exploration & Development                          | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 216                        | 8230      | Gas Losses   | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 217                        | 8240      | Other Expenses                                     | 3.0 Peak Day      |                  | 630           | 345               | 189                | -                           | 101            | -                       |
| 218                        | 8250      | Storage Well Royalties                             | 3.0 Peak Day      |                  | 3,684         | 1,950             | 1,110              | -                           | 584            | -                       |
| 219                        | 8260      | Rents  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 220                        |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 221                        | 8300      | Maint. Sup. & Eng.                                 | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 222                        | 8310      | Structures and Improvements                        | 3.0 Peak Day      |                  | 1,917         | 1,035             | 578                | -                           | 304            | -                       |
| 223                        | 8320      | Reservoirs & Wells Maintenance                     | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 224                        | 8330      | Line Maintenance                                   | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 225                        | 8340      | Compressor Station Equip Maint                     | 3.0 Peak Day      |                  | 1,553         | 839               | 468                | -                           | 246            | -                       |
| 226                        | 8350      | Meas. & Regul. Station Equip Maint                 | 3.0 Peak Day      |                  | 1,212         | 654               | 365                | -                           | 192            | -                       |
| 227                        | 8360      | Purification Equipment Maintenance                 | 3.0 Peak Day      |                  | 124           | 67                | 37                 | -                           | 20             | -                       |
| 228                        | 8370      | Other Equipment Maintenance                        | 3.0 Peak Day      |                  | 84,968        | 34,924            | 19,487             | -                           | 10,257         | -                       |
| 229                        |           | Total Underground Storage Expense                  |                   |                  | 176,103       | 95,104            | 53,068             | 0                           | 27,931         | 0                       |
| 230                        |           | Transmission:                                      |                   |                  |               |                   |                    |                             |                |                         |
| 231                        |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 232                        | 8500      | Op. Sup. & Eng.                                    | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 234                        | 8510      | System Control & Load Dispatching                  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 235                        | 8520      | Communication Systems Expense                      | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 236                        | 8530      | Compressor Station Labor Expense                   | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 237                        | 8540      | Compressor Station Fuel Cost                       | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 238                        | 8550      | Compressor Station Fuel & Power                    | 3.0 Peak Day      |                  | 50            | 27                | 15                 | -                           | 8              | -                       |
| 239                        | 8560      | Miles Expense                                      | 3.0 Peak Day      |                  | 307,641       | 166,249           | 92,767             | -                           | 48,835         | -                       |
| 240                        | 8570      | Meas. & Regul. Station Expenses                    | 3.0 Peak Day      |                  | 33,552        | 18,129            | 10,111             | -                           | 5,321          | -                       |
| 241                        | 8580      | LDC Payment  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 242                        | 8590      | LDC Payment - A&G                                  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 243                        | 8600      | Other Expenses                                     | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 244                        | 8600      | Rents  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 245                        |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 246                        | 8610      | Maint. Sup. & Eng.                                 | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 247                        | 8620      | Structures and Improvements                        | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 248                        | 8630      | Miles  | 3.0 Peak Day      |                  | 6,910         | 3,182             | 1,781              | -                           | 937            | -                       |
| 249                        | 8640      | Compressor Station Equip Maint                     | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 250                        | 8650      | Meas. & Regul. Station Equip Maint                 | 3.0 Peak Day      |                  | 6,892         | 3,133             | 1,748              | -                           | 920            | -                       |
| 251                        | 8660      | Communication Equipment Maintenance                | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 252                        | 8670      | Other Equipment Maintenance                        | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 253                        |           | Total Transmission Expense                         |                   |                  | 353,155       | 190,721           | 106,422            | 0                           | 58,012         | 0                       |



| Ames Energy Corporation, Kentucky/Mid-States Division    |               |  |   |           |           |           |   |          |   |
|--|---------------|--|---|-----------|-----------|-----------|---|----------|---|
| Class Cost of Service - Customer Demand Study            |               |  |   |           |           |           |   |          |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |               |  |   |           |           |           |   |          |   |
| ALLOCATION OF O&M EXPENSES                               |               |  |   |           |           |           |   |          |   |
| 254  |               |  |   |           |           |           |   |          |   |
| 255  | Distribution: |  |   |           |           |           |   |          |   |
| 256  | Operation:    |  |   |           |           |           |   |          |   |
| 257  | 8700          | Supervision and Engineering                                    | 10.4 Composite of Accts. 871-875 & 886-893 - Demand                 | 318,327   | 171,912   | 95,926    | - | 50,488   | - |
| 258  | 8710          | Distribution Load Dispatching                                  | 99.0 -  | 0         | -         | -         | - | -        | - |
| 259  | 8711          | Chokepoints  | 99.0 -  | 0         | -         | -         | - | -        | - |
| 259  | 8720          | Compressor Station Labor & Expenses                            | 11.4 Composite of Accts. 376 & 380 - Demand                         | 0         | -         | -         | - | -        | - |
| 260  | 8740          | Mains & Services   | 12.4 Composite of Accts. 374-379 - Demand                           | 1,280,470 | 891,517   | 388,884   | - | 203,089  | - |
| 261  | 8750          | Measuring and Regulating Station Exp. - Gen                    | 12.4 Composite of Accts. 374-379 - Demand                           | 197,907   | 106,879   | 59,638    | - | 31,269   | - |
| 262  | 8760          | Measuring and Regulating Station Exp. - Ind.                   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 263  | 8770          | Measuring and Regulating Sta. Exp. - City Gate                 | 12.4 Composite of Accts. 374-379 - Demand                           | 57,823    | 31,227    | 17,426    | - | 9,171    | - |
| 264  | 8780          | Meters and House Regulator Expense                             | 13.4 Composite of Accts. 381-393 - Demand                           | 0         | -         | -         | - | -        | - |
| 265  | 8790          | Customer Installations Expense                                 | 99.0 -  | 0         | -         | -         | - | -        | - |
| 266  | 8800          | Other Expense  | 10.4 Composite of Accts. 871-875 & 886-893 - Demand                 | 61,997    | 33,481    | 18,682    | - | 9,833    | - |
| 267  | 8810          | Rents  | 10.4 Composite of Accts. 871-875 & 886-893 - Demand                 | 120,802   | 85,239    | 36,403    | - | 19,160   | - |
| 268  |               | Maintenance:   |   |           |           |           |   |          |   |
| 269  | 8850          | Maintenance Supervision and Engineering                        | 10.4 Composite of Accts. 871-875 & 886-893 - Demand                 | 657       | 355       | 188       | - | 104      | - |
| 270  | 8850          | Maintenance of Structures and Improvements                     | 12.4 Composite of Accts. 374-379 - Demand                           | 10,677    | 5,756     | 3,217     | - | 1,693    | - |
| 271  | 8870          | Maintenance of Mains   | 12.4 Composite of Accts. 374-379 - Demand                           | 21,389    | 11,951    | 6,445     | - | 3,392    | - |
| 272  | 8890          | Maintenance of compressor station equipment                    | 99.0 -  | 0         | -         | -         | - | -        | - |
| 273  | 8900          | Maint. of Measuring and Regulating Station Equip. - General    | 12.4 Composite of Accts. 374-379 - Demand                           | 3,055     | 1,686     | 930       | - | 489      | - |
| 274  | 8910          | Maint. of Measuring and Regulating Station Equip. - Industrial | 99.0 -  | 0         | -         | -         | - | -        | - |
| 275  | 8920          | Maint. of Measuring and Regulating Station Equip. - City Gate  | 12.4 Composite of Accts. 374-379 - Demand                           | 11,965    | 6,452     | 3,606     | - | 1,858    | - |
| 276  | 8930          | Maintenance of Services  | 14.4 Account 380 - Demand   | 0         | -         | -         | - | -        | - |
| 277  | 8940          | Maintenance of Meters and House Regulators                     | 13.4 Composite of Accts. 381-393 - Demand                           | 0         | -         | -         | - | -        | - |
| 278  | 8950          | Maintenance of Other Equipment                                 | 10.4 Composite of Accts. 871-875 & 886-893 - Demand                 | 20,601    | 11,125    | 6,208     | - | 3,257    | - |
| 279  |               | Total Distribution   |   | 2,105,699 | 1,137,161 | 634,543   | 0 | 333,974  | 0 |
| 280  |               | Customer Accounts:   |   |           |           |           |   |          |   |
| 281  | 9010          | Supervision  | 99.0 -  | 0         | -         | -         | - | -        | - |
| 283  | 9020          | Motor Reading Expense  | 99.0 -  | 0         | -         | -         | - | -        | - |
| 284  | 9030          | Customer Records and Collection Expenses                       | 99.0 -  | 0         | -         | -         | - | -        | - |
| 285  | 9040          | Uncollectible Accounts   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 286  | 9050          | Miscellaneous Customer Accounts Expenses                       | 99.0 -  | 0         | -         | -         | - | -        | - |
| 287  |               | Total Customer Accounts  |   | 0         | -         | -         | - | -        | - |
| 288  |               | Customer Service and Information:                              |   |           |           |           |   |          |   |
| 289  | 9070          | Supervision  | 99.0 -  | 0         | -         | -         | - | -        | - |
| 291  | 9080          | Customer Assistance Expenses                                   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 292  | 9090          | Informational and Instructional Advertising Expenses           | 99.0 -  | 0         | -         | -         | - | -        | - |
| 293  | 9100          | Miscellaneous Customer Service and Informational Expenses      | 99.0 -  | 0         | -         | -         | - | -        | - |
| 294  |               | Total Customer Service and Information                         |   | 0         | -         | -         | - | -        | - |
| 295  |               | Sales:   |   |           |           |           |   |          |   |
| 296  | 9110          | Supervision  | 99.0 -  | 0         | -         | -         | - | -        | - |
| 298  | 9120          | Demarcating and Staking Expenses                               | 99.0 -  | 0         | -         | -         | - | -        | - |
| 299  | 9130          | Advertising Expenses   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 300  | 9160          | Miscellaneous Sales Expenses                                   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 301  |               | Total Sales  |   | 0         | -         | -         | - | -        | - |
| 302  |               | Administrative & General:                                      |   |           |           |           |   |          |   |
| 303  |               | Operation:   |   |           |           |           |   |          |   |
| 304  | 9200          | Administrative and General Salaries                            | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (329,459) | (177,922) | (99,280)  | - | (52,253) | - |
| 305  | 9210          | Office Supplies and Expenses                                   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 1,627     | 878       | 490       | - | 258      | - |
| 307  | 9220          | Administrative Expenses Transferred - Customer Support         | 99.0 -  | 0         | -         | -         | - | -        | - |
| 308  | 9230          | Administrative Expenses Transferred - General                  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 3,331,017 | 1,788,914 | 1,000,788 | - | 528,316  | - |
| 309  | 9230          | Outside Services Employed                                      | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 44,235    | 23,975    | 13,378    | - | 7,041    | - |
| 310  | 9240          | Property Insurance   | 9.4 Account 381 - Demand  | 2,648     | 1,433     | 788       | - | 420      | - |
| 311  | 9250          | Injuries and Damages   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 50,937    | 27,505    | 15,350    | - | 8,079    | - |
| 312  | 9260          | Employee Pensions and Benefits                                 | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 519,557   | 280,558   | 158,266   | - | 82,404   | - |
| 313  | 9270          | Franchise Requirements   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 314  | 9280          | Regulatory Commissions Expenses                                | 99.0 -  | 0         | -         | -         | - | -        | - |
| 315  | 930.1         | General Advertising Expenses                                   | 99.0 -  | 0         | -         | -         | - | -        | - |
| 319  | 930.2         | Miscellaneous General Expense                                  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (5,622)   | (3,036)   | (1,694)   | - | (892)    | - |
| 317  | 9310          | Rents  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (2,458)   | (1,329)   | (741)     | - | (394)    | - |
| 318  |               | Maintenance:   |   |           |           |           |   |          |   |
| 319  | 9320          | Maintenance of General Plant                                   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 348       | 187       | 104       | - | 55       | - |
| 320  |               | Total A&G  |   | 3,612,991 | 1,951,193 | 1,088,759 | 0 | 573,038  | 0 |
| 322  |               | TOTAL O&M EXPENSE - DEMAND                                     |   | 6,247,947 | 3,374,200 | 1,832,792 | 0 | 890,966  | 0 |

AT&T Energy Corporation, Kentucky/Mid-State Division  
Class Cost of Service - Customer/Demand Study  
Forecasted Last Period: Twelve Months Ended May 31, 2017

ALLOCATION OF O&M EXPENSES

| Line No. | Acct. No. | Commodity  | Allocation Factor  | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-----------|--|--------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 323      |           | Production & Gathering:                            |                    |                  |               |                   |                    |                             |                |                         |
| 324      |           | Operation  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 325      | 7550      | Op. Sup. & Eng.                                    | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 326      | 7510      | Production Meas & Records                          | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 327      | 7530      | Field Lines Expenses                               | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 328      | 7540      | Field Compressor Station Expense                   | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 329      | 7550      | Field Compressor Sta. Fuel & Pwr.                  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 330      | 7560      | Field Meas. & Regul. Station Exp                   | 18.4 Gas Costs     |                  | 104           | 62                | 41                 | 1                           |                |                         |
| 331      | 7670      | Purification Expense                               | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 332      | 7590      | Other Expenses                                     | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 333      |           | Maintenance  |                    |                  |               |                   |                    |                             |                |                         |
| 334      | 7610      | Maint. Sup. & Eng.                                 | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 335      | 7620      | Structures and Improvements                        | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 336      | 7640      | Field Line Maintenance                             | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 337      | 7690      | Compressor Station Equip. Maint.                   | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 338      | 7650      | Meas. & Regul. Station Equip Maint                 | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 339      | 7670      | Purification Equipment Maintenance                 | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 340      | 7680      | Other Equipment Maintenance                        | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 341      | 7690      | Gas Processed by Others                            | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 342      |           | Total Production & Gathering                       |                    |                  | 104           | 62                | 41                 | 1                           | 0              | 0                       |
| 343      |           |  |                    |                  |               |                   |                    |                             |                |                         |
| 344      |           | Other Gas Supply Expenses:                         |                    |                  |               |                   |                    |                             |                |                         |
| 345      |           | Operations   |                    |                  |               |                   |                    |                             |                |                         |
| 346      | 8001      | Intercompany Gas Wellhead Purchases                | 18.4 Gas Costs     |                  | 1,391,074     | 828,017           | 543,873            | 19,184                      |                |                         |
| 347      | 8040      | Natural Gas City Gate Purchases                    | 18.4 Gas Costs     |                  | 54,630,886    | 32,518,134        | 21,359,163         | 753,999                     |                |                         |
| 348      | 8045      | Transportation to City Gate                        | 18.4 Gas Costs     |                  | 0             |                   |                    |                             |                |                         |
| 349      | 8050      | Transmission-Operation supervision and engineering | 18.4 Gas Costs     |                  | 16,638        | 9,904             | 6,825              | 229                         |                |                         |
| 350      | 8051      | Other Gas Purchases / Gas Cost Adjustments         | 18.4 Gas Costs     |                  | 50,026,638    | 29,777,641        | 19,559,099         | 689,908                     |                |                         |
| 351      | 8052      | PGA for Commercial                                 | 18.4 Gas Costs     |                  | 24,514,110    | 14,770,246        | 9,761,891          | 242,205                     |                |                         |
| 352      | 8053      | PGA for Industrial                                 | 18.4 Gas Costs     |                  | 4,715,343     | 2,898,741         | 1,813,676          | 65,038                      |                |                         |
| 353      | 8054      | PGA for Public Authority                           | 18.4 Gas Costs     |                  | 3,349,099     | 3,183,975         | 2,081,358          | 73,766                      |                |                         |
| 354      | 8057      | PGA for Transportation Sales                       | 18.4 Gas Costs     |                  | 0             |                   |                    |                             |                |                         |
| 355      | 8058      | Unbilled PGA Costs                                 | 18.4 Gas Costs     |                  | 6,516,169     | (3,283,414)       | (2,158,872)        | (76,272)                    |                |                         |
| 356      | 8059      | PGA Offset to Unrecovered Gas Cost                 | 18.4 Gas Costs     |                  | (82,142,166)  | (47,703,473)      | (31,333,844)       | (1,105,221)                 |                |                         |
| 357      | 8060      | Exchange Gas                                       | 18.4 Gas Costs     |                  | (1,334,672)   | (794,445)         | (521,622)          | (19,406)                    |                |                         |
| 358      | 8081      | Gas Withdrawn From Storage - Debit                 | 18.4 Gas Costs     |                  | 20,002,855    | 11,896,459        | 7,803,568          | 275,855                     |                |                         |
| 359      | 8082      | Gas Delivered to Storage                           | 18.4 Gas Costs     |                  | (16,514,585)  | (9,830,070)       | (6,456,798)        | (227,740)                   |                |                         |
| 360      | 8120      | Gas Used for Other Utility Operations              | 18.4 Gas Costs     |                  | (10,859)      | (6,482)           | (4,244)            | (150)                       |                |                         |
| 361      | 8130      | Other Gas Supply Expenses                          | 18.4 Gas Costs     |                  | 21,950,135    | 13,685,504        | 8,581,932          | 302,709                     |                |                         |
| 362      |           | Maintenance  |                    |                  |               |                   |                    |                             |                |                         |
| 363      | 8350      | Maint. Of Purch. Gas Meas. Sta.                    | 18.4 Gas Costs     |                  | 0             |                   |                    |                             |                |                         |
| 364      |           | Total Other Gas Supply Expenses                    |                    |                  | 79,378,177    | 47,248,724        | 31,034,769         | 1,094,685                   | 0              | 0                       |
| 365      |           |  |                    |                  |               |                   |                    |                             |                |                         |
| 366      |           | Underground Storage:                               |                    |                  |               |                   |                    |                             |                |                         |
| 367      |           | Operation  |                    |                  |               |                   |                    |                             |                |                         |
| 368      | 8140      | Op. Sup. & Eng.                                    | 1.5 Winter Volumes |                  | (37)          | (34)              | (9)                | (7)                         | (7)            | (7)                     |
| 369      | 8150      | Maps & Records                                     | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 370      | 8160      | Wells Expense                                      | 1.5 Winter Volumes |                  | 46,003        | 19,011            | 10,859             | 342                         | 8,487          | 8,305                   |
| 371      | 8170      | Lines Expense                                      | 1.5 Winter Volumes |                  | 18,217        | 7,132             | 4,200              | 135                         | 3,351          | 3,269                   |
| 372      | 8180      | Compressor Station Expense                         | 1.5 Winter Volumes |                  | 13,164        | 5,154             | 3,107              | 98                          | 2,428          | 2,378                   |
| 373      | 8190      | Compressor Station Fuel & Power                    | 1.5 Winter Volumes |                  | 348           | 139               | 82                 | 3                           | 64             | 63                      |
| 374      | 8200      | Meas. & Regul. Station Expenses                    | 1.5 Winter Volumes |                  | 1,370         | 536               | 323                | 19                          | 253            | 247                     |
| 375      | 8210      | Purification Expenses                              | 1.5 Winter Volumes |                  | 23,240        | 9,099             | 5,498              | 173                         | 4,287          | 4,195                   |
| 376      | 8220      | Exploration & Development                          | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 377      | 8230      | Gas Losses   | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 378      | 8240      | Other Expenses                                     | 1.5 Winter Volumes |                  | 609           | 299               | 181                | 5                           | 118            | 115                     |
| 379      | 8250      | Storage Well Royalties                             | 1.5 Winter Volumes |                  | 3,684         | 1,442             | 870                | 27                          | 600            | 653                     |
| 380      | 8250      | Rents  | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 381      |           | Maintenance  |                    |                  |               |                   |                    |                             |                |                         |
| 382      | 8300      | Maint. Sup. & Eng.                                 | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 383      | 8310      | Structures and Improvements                        | 1.5 Winter Volumes |                  | 1,917         | 751               | 453                | 14                          | 354            | 346                     |
| 384      | 8320      | Reservoirs & Wells Maintenance                     | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 385      | 8330      | Line Maintenance                                   | 1.5 Winter Volumes |                  | 0             |                   |                    |                             |                |                         |
| 386      | 8340      | Compressor Station Equip Maint                     | 1.5 Winter Volumes |                  | 1,553         | 608               | 367                | 12                          | 287            | 280                     |
| 387      | 8350      | Meas. & Regul. Station Equip Maint                 | 1.5 Winter Volumes |                  | 1,212         | 474               | 295                | 9                           | 224            | 219                     |
| 388      | 8360      | Purification Equipment Maintenance                 | 1.5 Winter Volumes |                  | 124           | 49                | 29                 | 1                           | 23             | 22                      |
| 389      | 8370      | Other Equipment Maintenance                        | 1.5 Winter Volumes |                  | 64,668        | 25,319            | 15,264             | 481                         | 11,030         | 11,674                  |
| 390      |           | Total Underground Storage Expense                  |                    |                  | 176,103       | 68,946            | 41,568             | 1,305                       | 32,468         | 31,791                  |
| 391      |           |  |                    |                  |               |                   |                    |                             |                |                         |
| 392      |           | Transmission:                                      |                    |                  |               |                   |                    |                             |                |                         |
| 393      |           | Operation  |                    |                  |               |                   |                    |                             |                |                         |
| 394      | 8500      | Op. Sup. & Eng.                                    | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 395      | 8510      | System Control & Load Dispatching                  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 396      | 8520      | Communication Systems Expense                      | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 397      | 8530      | Compressor Station Labor Expense                   | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 398      | 8540      | Compressor Station Fuel Gas                        | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 399      | 8550      | Compressor Station Fuel & Power                    | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 400      | 8560      | Maint. Expense                                     | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 401      | 8570      | Meas. & Regul. Station Expenses                    | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 402      | 8580      | LDC Payment  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 403      | 8580      | LDC Payment - ASG                                  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 404      | 8590      | Other Expense                                      | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 405      | 8600      | Rents  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 406      |           | Maintenance  |                    |                  |               |                   |                    |                             |                |                         |
| 407      | 8610      | Maint. Sup. & Eng.                                 | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 408      | 8620      | Structures and Improvements                        | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 409      | 8630      | Lines  | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 410      | 8640      | Compressor Station Equip Maint                     | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 411      | 8650      | Meas. & Regul. Station Equip Maint                 | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 412      | 8660      | Communication Equipment Maintenance                | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 413      | 8670      | Other Equipment Maintenance                        | 99.0 -             |                  | 0             |                   |                    |                             |                |                         |
| 414      |           | Total Transmission Expense                         |                    |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |

| Almos Energy Corporation, Kentucky/Mid-States Division   |               |  |   |            |            |            |           |        |        |
|--|---------------|--|---|------------|------------|------------|-----------|--------|--------|
| Class Cost of Services - Detailed Demand Study           |               |  |   |            |            |            |           |        |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |               |  |   |            |            |            |           |        |        |
| ALLOCATION OF O&M EXPENSES                               |               |  |   |            |            |            |           |        |        |
| 415  |               |  |   |            |            |            |           |        |        |
| 417  | Distribution: |  |   |            |            |            |           |        |        |
| 418  | 8700          | Supervision and Engineering                                    | 10.6 Composite of Accts. 871-879 & 888-893 - Comm                 | 2,318      | 729        | 478        | 23        | 520    | 567    |
| 419  | 8710          | Distribution Load Dispatching                                  | 1.0 Mcl   | 1,775      | 558        | 368        | 18        | 388    | 435    |
| 420  | 8711          | Oversees   | 1.0 Mcl   | 9,764      | 3,008      | 2,013      | 98        | 2,168  | 2,368  |
| 421  | 8720          | Compressor Station Labor & Expenses                            | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 421  | 8748          | Meters & Services  | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 422  | 8759          | Measuring and Regulating Station Exp. - Gen                    | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 423  | 8769          | Measuring and Regulating Station Exp. - Ind.                   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 424  | 8770          | Measuring and Regulating Sta. Exp. - City Gas                  | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 425  | 8780          | Meters and House Regulator Expense                             | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 426  | 8790          | Customer Installations Expense                                 | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 427  | 8900          | Other Expense  | 10.6 Composite of Accts. 871-879 & 888-893 - Comm                 | 451        | 142        | 89         | 5         | 101    | 111    |
| 428  | 8910          | Rents  | 10.6 Composite of Accts. 871-879 & 888-893 - Comm                 | 860        | 277        | 182        | 9         | 197    | 216    |
| 429  |               | Maintenance  |   |            |            |            |           |        |        |
| 430  | 8850          | Maintenance Supervision and Engineering                        | 10.6 Composite of Accts. 871-879 & 888-893 - Comm                 | 5          | 2          | 1          | 0         | 1      | 1      |
| 431  | 8860          | Maintenance of Structures and Improvements                     | 12.6 Composite of Accts. 374-379 - Comm                           | 0          | -          | -          | -         | -      | -      |
| 432  | 8870          | Maintenance of Meters  | 12.6 Composite of Accts. 374-379 - Comm                           | 0          | -          | -          | -         | -      | -      |
| 433  | 8880          | Maintenance of compressor station equipment                    | 1.0 Mcl   | 0          | -          | -          | -         | -      | -      |
| 434  | 8900          | Maint. of Measuring and Regulating Station Equip. - General    | 12.6 Composite of Accts. 374-379 - Comm                           | 0          | -          | -          | -         | -      | -      |
| 435  | 8910          | Maint. of Measuring and Regulating Station Equip. - Industrial | 5.0 Direct to Interruptible Transport                             | 0          | -          | -          | -         | -      | -      |
| 436  | 8920          | Maint. of Measuring and Regulating Station Equip. - City Gas   | 12.6 Composite of Accts. 374-379 - Comm                           | 0          | -          | -          | -         | -      | -      |
| 437  | 8930          | Maintenance of Services  | 14.6 Account 380 - Comm   | 0          | -          | -          | -         | -      | -      |
| 438  | 8940          | Maintenance of Meters and House Regulators                     | 13.6 Composite of Accts. 381-383 - Comm                           | 0          | -          | -          | -         | -      | -      |
| 439  | 8950          | Maintenance of Other Equipment                                 | 10.6 Composite of Accts. 871-879 & 888-893 - Comm                 | 153        | 47         | 31         | 2         | 34     | 37     |
| 440  |               | Total Distribution   |   | 15,334     | 4,824      | 3,159      | 153       | 3,439  | 3,793  |
| 441  |               | Customer Accounts:   |   |            |            |            |           |        |        |
| 442  | 9010          | Supervision  | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 443  | 9020          | Meter Reading Expense  | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 444  | 9030          | Customer Records and Collection Expenses                       | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 445  | 9040          | Uncollectible Accounts   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 446  | 9050          | Miscellaneous Customer Accounts Expenses                       | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 447  |               | Total Customer Accounts  |   | 0          | -          | -          | -         | -      | -      |
| 448  |               | Customer Service and Information:                              |   |            |            |            |           |        |        |
| 449  | 9070          | Supervision  | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 450  | 9080          | Customer Assistance Expenses                                   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 451  | 9090          | Informational and Instructional Advertising Expenses           | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 452  | 9100          | Miscellaneous Customer Service and Informational Expenses      | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 453  |               | Total Customer Service and Information                         |   | 0          | -          | -          | -         | -      | -      |
| 454  |               | Sales:   |   |            |            |            |           |        |        |
| 455  | 9110          | Supervision  | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 456  | 9120          | Demonstrating and Selling Expenses                             | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 457  | 9130          | Advertising Expenses   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 458  | 9140          | Miscellaneous Sales Expenses                                   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 459  |               | Total Sales  |   | 0          | -          | -          | -         | -      | -      |
| 460  |               | Administrative & General:                                      |   |            |            |            |           |        |        |
| 461  | 9200          | Administrative and General Salaries                            | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | (2,419)    | (761)      | (699)      | (24)      | (541)  | (690)  |
| 462  | 9210          | Office Supplies and Expenses                                   | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 12         | 4          | 2          | 0         | 3      | 3      |
| 463  | 9220          | Administrative Expenses Transferred - Customer Support         | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 464  | 9230          | Administrative Expenses Transferred - General                  | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 24,427     | 7,688      | 5,048      | 244       | 6,471  | 6,960  |
| 465  | 9240          | Outside Services Employed                                      | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 328        | 103        | 67         | 3         | 73     | 80     |
| 466  | 9250          | Property Insurance   | 9.6 Allocated Not Plant - Comm                                    | 127        | 39         | 30         | 1         | 23     | 23     |
| 467  | 9260          | Injuries and Damages   | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 374        | 118        | 77         | 4         | 84     | 91     |
| 468  | 9270          | Employee Pensions and Benefits                                 | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 3,810      | 1,201      | 787        | 38        | 853    | 931    |
| 469  | 9280          | Franchise Requirements   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 470  | 9290          | Regulatory Commission Expenses                                 | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 471  | 930.1         | General Advertising Expenses                                   | 99.0 -  | 0          | -          | -          | -         | -      | -      |
| 472  | 930.2         | Miscellaneous General Expense                                  | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | (41)       | (13)       | (9)        | (0)       | (9)    | (10)   |
| 473  | 9310          | Rents  | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | (18)       | (9)        | (4)        | (0)       | (4)    | (4)    |
| 474  |               | Maintenance  |   |            |            |            |           |        |        |
| 475  | 9320          | Maintenance of General Plant                                   | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 3          | 1          | 1          | 0         | 1      | 1      |
| 476  |               | Total A&G  |   | 26,602     | 6,364      | 5,501      | 265       | 5,853  | 6,459  |
| 477  |               | TOTAL O&M EXPENSE - COMMUNITY                                  |   | 79,696,320 | 47,330,950 | 31,085,042 | 1,095,414 | 41,881 | 42,034 |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |                   |  |               |                   |                    |                             |                |                         |
|--|-----------|-------------------|--|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer Demand Study            |           |                   |  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                   |  |               |                   |                    |                             |                |                         |
| ALLOCATION OF O&M EXPENSES                               |           |                   |  |               |                   |                    |                             |                |                         |
| Total O&M Expenses                                       |           |                   |  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Allocation Factor | Allocation Basis                                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Intermittible | Transport Firm | Transport Intermittible |
| Production & Gathering:                                  |           |                   |  |               |                   |                    |                             |                |                         |
| Operation  |           |                   |  |               |                   |                    |                             |                |                         |
| 488  | 7500      |                   | Op. Sup. & Eng.                                    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 487  | 7510      |                   | Production Maps & Records                          | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 488  | 7530      |                   | Field Lines Expenses                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 489  | 7540      |                   | Field Compressor Station Expense                   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 490  | 7550      |                   | Field Compressor Gas Fuel & Power                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 491  | 7560      |                   | Field Meas. & Regul. Station Exp                   | 104           | 62                | 41                 | 1                           | 0              | 0                       |
| 492  | 7570      |                   | Purification Expense                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 493  | 7590      |                   | Other Expenses                                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 494  |           |                   | Maintenance  |               |                   |                    |                             |                |                         |
| 495  | 7610      |                   | Maint. Sup. & Eng.                                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 496  | 7620      |                   | Structures and Improvements                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 497  | 7640      |                   | Field Line Maintenance                             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 498  | 7650      |                   | Compressor Station Equip. Maint.                   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 499  | 7660      |                   | Meas. & Regul. Station Equip Maint                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 500  | 7670      |                   | Purification Equipment Maintenance                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 501  | 7680      |                   | Other Equipment Maintenance                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 502  | 7690      |                   | Gas Processed By Others                            | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 503  |           |                   | Total Production & Gathering                       | 104           | 62                | 41                 | 1                           | 0              | 0                       |
| Other Gas Supply Expenses:                               |           |                   |  |               |                   |                    |                             |                |                         |
| Operation  |           |                   |  |               |                   |                    |                             |                |                         |
| 507  | 8001      |                   | Intercompany Gas Well-head Purchases               | 1,381,074     | 828,017           | 543,873            | 19,184                      | 0              | 0                       |
| 508  | 8040      |                   | Natural Gas City Gate Purchases                    | 54,630,888    | 32,618,134        | 21,359,163         | 753,359                     | 0              | 0                       |
| 509  | 8045      |                   | Transportation to City Gate                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 510  | 8050      |                   | Transmission-Operation supervision and engineering | 18,808        | 9,904             | 6,605              | 229                         | 0              | 0                       |
| 511  | 8051      |                   | Other Gas Purchases / Gas Cost Adjustments         | 50,026,638    | 29,777,641        | 19,559,093         | 659,805                     | 0              | 0                       |
| 512  | 8052      |                   | PGA for Compress                                   | 24,814,110    | 14,770,244        | 9,701,691          | 342,205                     | 0              | 0                       |
| 513  | 8053      |                   | PGA for Industrial                                 | 4,715,343     | 2,826,741         | 1,843,676          | 36,078                      | 0              | 0                       |
| 514  | 8054      |                   | PGA for Public Authority                           | 5,349,059     | 3,183,975         | 2,081,358          | 73,768                      | 0              | 0                       |
| 515  | 8057      |                   | PGA for Transportation Sales                       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 516  | 8058      |                   | Unallocated PGA Costs                              | (5,516,159)   | (3,283,416)       | (2,158,672)        | (76,072)                    | 0              | 0                       |
| 517  | 8059      |                   | PGA Offset to Unrecovered Gas Cost                 | (80,142,198)  | (47,703,473)      | (31,323,454)       | (1,105,221)                 | 0              | 0                       |
| 518  | 8060      |                   | Exchange Gas                                       | (1,334,672)   | (794,445)         | (521,822)          | (18,406)                    | 0              | 0                       |
| 519  | 8081      |                   | Gas Withdrawn From Storage - Debit                 | 20,062,869    | 11,906,432        | 7,450,598          | 275,655                     | 0              | 0                       |
| 520  | 8082      |                   | Gas Delivered to Storage                           | (16,514,656)  | (9,630,070)       | (6,458,796)        | (227,749)                   | 0              | 0                       |
| 521  | 8120      |                   | Gas Used for Other Utility Operations              | (10,650)      | (6,462)           | (4,244)            | (150)                       | 0              | 0                       |
| 522  | 8130      |                   | Other Gas Supply Expenses                          | 21,950,135    | 13,065,604        | 8,561,922          | 302,709                     | 0              | 0                       |
| 523  |           |                   | Maintenance  |               |                   |                    |                             |                |                         |
| 524  | 8350      |                   | Maint. Of Purch. Gas Meas. Sta.                    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 525  |           |                   | Total Other Gas Supply Expenses                    | 79,378,177    | 47,248,724        | 31,034,769         | 1,094,665                   | 0              | 0                       |
| 526  |           |                   | Underground Storage:                               |               |                   |                    |                             |                |                         |
| Operation  |           |                   |  |               |                   |                    |                             |                |                         |
| 528  | 8140      |                   | Op. Sup. & Eng.                                    | (73)          | (34)              | (20)               | (9)                         | (19)           | (7)                     |
| 530  | 8150      |                   | Maps & Records                                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 531  | 8160      |                   | Wells Expense                                      | 92,007        | 42,659            | 24,772             | 342                         | 16,783         | 8,306                   |
| 532  | 8170      |                   | Lines Expense                                      | 29,435        | 13,971            | 7,759              | 135                         | 6,250          | 3,209                   |
| 533  | 8180      |                   | Compressor Station Expense                         | 26,327        | 12,059            | 7,074              | 88                          | 4,518          | 2,378                   |
| 534  | 8190      |                   | Compressor Station Fuel & Power                    | 697           | 324               | 187                | 3                           | 120            | 63                      |
| 535  | 8200      |                   | Meas. & Regul. Station Expenses                    | 2,740         | 1,276             | 738                | 10                          | 470            | 247                     |
| 536  | 8210      |                   | Purification Expenses                              | 46,460        | 21,868            | 12,488             | 173                         | 7,973          | 4,055                   |
| 537  | 8220      |                   | Exploration & Development                          | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 538  | 8230      |                   | Gas Losses   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 539  | 8240      |                   | Other Expenses                                     | 1,278         | 595               | 343                | 5                           | 219            | 115                     |
| 540  | 8250      |                   | Storage Well Royalties                             | 7,369         | 3,432             | 1,880              | 27                          | 1,284          | 665                     |
| 541  | 8260      |                   | Rents  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 542  |           |                   | Maintenance  |               |                   |                    |                             |                |                         |
| 543  | 8300      |                   | Maint. Sup. & Eng.                                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 544  | 8310      |                   | Structures and Improvements                        | 3,834         | 1,788             | 1,030              | 14                          | 658            | 346                     |
| 545  | 8320      |                   | Reservoirs & Wells Maintenance                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 546  | 8330      |                   | Lines Maintenance                                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 547  | 8340      |                   | Compressor Station Equip Maint                     | 3,198         | 1,447             | 835                | 12                          | 533            | 280                     |
| 548  | 8350      |                   | Meas. & Regul. Station Equip Maint                 | 2,424         | 1,129             | 661                | 9                           | 416            | 219                     |
| 549  | 8360      |                   | Purification Equipment Maintenance                 | 246           | 116               | 67                 | 1                           | 43             | 22                      |
| 550  | 8370      |                   | Other Equipment Maintenance                        | 129,236       | 60,243            | 34,752             | 461                         | 22,187         | 11,674                  |
| 551  |           |                   | Total Underground Storage Expense                  | 352,206       | 164,062           | 84,638             | 1,369                       | 60,419         | 31,791                  |
| 552  |           |                   | Transmission:                                      |               |                   |                    |                             |                |                         |
| Operation  |           |                   |  |               |                   |                    |                             |                |                         |
| 555  | 8500      |                   | Op. Sup. & Eng.                                    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 557  | 8520      |                   | System Control & Load Dispatching                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 558  | 8530      |                   | Communication Systems Expense                      | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 559  | 8540      |                   | Compressor Station Labor Expense                   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 560  | 8550      |                   | Compressor Station Fuel & Power                    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 561  | 8560      |                   | Mains Expense                                      | 50            | 27                | 15                 | 0                           | 6              | 3                       |
| 562  | 8570      |                   | Meas. & Regul. Station Expenses                    | 307,041       | 169,246           | 92,767             | 0                           | 48,625         | 0                       |
| 563  | 8580      |                   | LDC Payment  | 33,552        | 16,129            | 10,111             | 0                           | 5,231          | 0                       |
| 564  | 8590      |                   | LDC Payment - A&G                                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 565  | 8600      |                   | Other Expenses                                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 566  | 8610      |                   | Rents  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 567  |           |                   | Maintenance  |               |                   |                    |                             |                |                         |
| 568  | 8610      |                   | Maint. Sup. & Eng.                                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 569  | 8620      |                   | Structures and Improvements                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 570  | 8630      |                   | Mains  | 5,910         | 3,182             | 1,781              | 0                           | 937            | 0                       |
| 571  | 8640      |                   | Compressor Station Equip Maint                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 572  | 8650      |                   | Meas. & Regul. Station Equip Maint                 | 5,602         | 3,133             | 1,748              | 0                           | 920            | 0                       |
| 573  | 8660      |                   | Communication Equipment Maintenance                | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 574  | 8670      |                   | Other Equipment Maintenance                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 575  |           |                   | Total Transmission Expense                         | 353,158       | 190,724           | 105,422            | 0                           | 56,012         | 0                       |

| Almos Energy Corporation, Kentucky/Mid-States Division   |  |  |             |             |            |           |           |         |
|--|--|--|-------------|-------------|------------|-----------|-----------|---------|
| Class Cost of Service - Outservice Demand Study          |  |  |             |             |            |           |           |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |  |             |             |            |           |           |         |
| ALLOCATION OF O&M EXPENSES                               |  |  |             |             |            |           |           |         |
| 570  | Distribution:                          |  |             |             |            |           |           |         |
| 571  | Operation:                             |  |             |             |            |           |           |         |
| 578  | 8700                                   | Supervision and Engineering                                    | 1,066,340   | 770,600     | 237,443    | 392       | 55,026    | 2,879   |
| 580  | 8710                                   | Distribution Load Dispatching                                  | 1,775       | 658         | 369        | 18        | 398       | 433     |
| 581  | 8711                                   | Odontzalan   | 8,754       | 3,068       | 2,013      | 96        | 2,168     | 2,369   |
| 581  | 8720                                   | Compressor Station Labor & Expenses                            | 0           | 0           | 0          | 0         | 0         | 0       |
| 582  | 8740                                   | Mains & Services   | 3,653,300   | 2,803,668   | 643,813    | 154       | 204,753   | 950     |
| 583  | 8750                                   | Measuring and Regulating Station Exp. - Gen                    | 393,588     | 281,060     | 80,910     | 19        | 31,528    | 79      |
| 584  | 8760                                   | Measuring and Regulating Station Exp. - Ind.                   | 22,536      | 0           | 32,190     | 19        | 203       | 129     |
| 585  | 8770                                   | Measuring and Regulating Sta. Exp. - City Gate                 | 114,696     | 82,118      | 23,640     | 4         | 9,211     | 23      |
| 589  | 8789                                   | Meters and House Regulator Expense                             | 864,900     | 828,899     | 329,522    | 1,461     | 19,942    | 9,167   |
| 587  | 8790                                   | Customer Installations Expense                                 | 689         | 613         | 76         | 0         | 0         | 0       |
| 585  | 8800                                   | Other Expense  | 207,678     | 150,081     | 48,244     | 76        | 10,717    | 591     |
| 589  | 8810                                   | Rents  | 404,667     | 292,436     | 90,108     | 149       | 20,882    | 1,052   |
| 590  | Maintenance                            |  |             |             |            |           |           |         |
| 591  | 8850                                   | Maintenance Supervision and Engineering                        | 2,200       | 1,890       | 490        | 1         | 114       | 6       |
| 592  | 8850                                   | Maintenance of Structures and Improvements                     | 21,234      | 15,163      | 4,365      | 1         | 1,701     | 4       |
| 593  | 8870                                   | Maintenance of Mains   | 42,538      | 30,376      | 8,744      | 1         | 3,407     | 5       |
| 594  | 8900                                   | Maintenance of compressor station equipment                    | 0           | 0           | 0          | 0         | 0         | 0       |
| 593  | 8900                                   | Maint. of Measuring and Regulating Station Equip. - General    | 6,135       | 4,381       | 1,261      | 0         | 491       | 1       |
| 596  | 8910                                   | Maint. of Measuring and Regulating Station Equip. - Industrial | 5,753       | 0           | 9,629      | 6         | 52        | 36      |
| 597  | 8920                                   | Maint. of Measuring and Regulating Station Equip. - City Gate  | 23,785      | 16,995      | 4,882      | 1         | 1,598     | 9       |
| 598  | 8930                                   | Maintenance of Services  | 3,522       | 3,135       | 383        | 0         | 2         | 1       |
| 599  | 8940                                   | Maintenance of Meters and House Regulators                     | 105,292     | 82,921      | 39,209     | 174       | 1,897     | 1,091   |
| 590  | 8950                                   | Maintenance of Other Equipment                                 | 63,009      | 49,879      | 15,256     | 25        | 3,551     | 185     |
| 601  | Total Distribution                     |  | 7,053,731   | 5,097,440   | 1,570,684  | 2,093     | 363,692   | 19,042  |
| 602  | Customer Accounts:                     |  |             |             |            |           |           |         |
| 603  | Supervision                            |  |             |             |            |           |           |         |
| 604  | 9010                                   | Meter Reading Expense  | 0           | 0           | 0          | 0         | 0         | 0       |
| 605  | 9020                                   | Customer Records and Collection Expenses                       | 1,130,016   | 1,006,852   | 122,841    | 74        | 792       | 457     |
| 606  | 9030                                   | Uncollectible Accounts   | 377,024     | 395,897     | 40,985     | 26        | 254       | 153     |
| 607  | 9040                                   | Miscellaneous Customer Accounts Expenses                       | 313,406     | 278,968     | 59,972     | 20        | 220       | 127     |
| 608  | 9050                                   | Total Customer Accounts  | 1,820,466   | 1,620,436   | 197,898    | 118       | 1,276     | 737     |
| 610  | Customer Service and Information:      |  |             |             |            |           |           |         |
| 611  | 9070                                   | Supervision  | 0           | 0           | 0          | 0         | 0         | 0       |
| 613  | 9090                                   | Customer Assistance Expenses                                   | 0           | 0           | 0          | 0         | 0         | 0       |
| 614  | 9090                                   | Informational and Instructional Advertising Expenses           | 122,978     | 109,455     | 13,369     | 8         | 88        | 50      |
| 615  | 9100                                   | Miscellaneous Customer Service and Informational Expenses      | 179         | 159         | 19         | 0         | 0         | 0       |
| 616  | Total Customer Service and Information |  | 123,157     | 109,624     | 13,388     | 8         | 88        | 50      |
| 617  | Sales:                                 |  |             |             |            |           |           |         |
| 618  | 9110                                   | Supervision  | 252,281     | 224,543     | 27,423     | 16        | 177       | 102     |
| 620  | 9120                                   | Demeritizing and Sifting Expenses                              | 84,918      | 48,917      | 3,907      | 4         | 38        | 22      |
| 621  | 9130                                   | Advertising Expenses   | 22,474      | 20,004      | 2,443      | 1         | 16        | 9       |
| 622  | 9150                                   | Miscellaneous Sales Expenses                                   | (45,789)    | (40,764)    | (4,976)    | (3)       | (32)      | (16)    |
| 623  | Total Sales                            |  | 283,567     | 252,400     | 30,825     | 18        | 189       | 118     |
| 624  | Administrative & General:              |  |             |             |            |           |           |         |
| 625  | Operations:                            |  |             |             |            |           |           |         |
| 627  | 9200                                   | Administrative and General Salaries                            | (1,387,179) | (1,049,050) | (278,559)  | (424)     | (57,151)  | (3,095) |
| 628  | 9210                                   | Office Supplies and Expenses                                   | 6,848       | 5,184       | 1,365      | 2         | 282       | 15      |
| 629  | 9220                                   | Administrative Expenses Transferred - Customer Support         | 0           | 0           | 0          | 0         | 0         | 0       |
| 630  | 9230                                   | Administrative Expenses Transferred - General                  | 14,028,277  | 10,815,889  | 2,796,164  | 4,289     | 577,830   | 31,306  |
| 631  | 9230                                   | Outside Services Employed                                      | 186,924     | 141,483     | 37,266     | 57        | 7,701     | 417     |
| 632  | 9240                                   | Property Insurance   | 6,157       | 5,841       | 1,806      | 3         | 469       | 38      |
| 633  | 9250                                   | Injuries and Damages   | 214,469     | 192,331     | 42,758     | 66        | 8,836     | 478     |
| 634  | 9250                                   | Employee Pensions and Benefits                                 | 2,187,989   | 1,855,788   | 438,121    | 669       | 90,127    | 4,883   |
| 635  | 9270                                   | Franchise Requirements   | 83          | 74          | 9          | 0         | 0         | 0       |
| 636  | 9280                                   | Regulatory Commission Expenses                                 | 278,594     | 247,083     | 30,285     | 18        | 195       | 113     |
| 637  | 932.1                                  | General Advertising Expenses                                   | 0           | 0           | 0          | 0         | 0         | 0       |
| 638  | 932.2                                  | Miscellaneous General Expense                                  | (23,670)    | (17,916)    | (4,719)    | (7)       | (975)     | (53)    |
| 639  | 9310                                   | Rents  | (10,350)    | (7,834)     | (2,054)    | (5)       | (425)     | (23)    |
| 640  | Maintenance                            |  |             |             |            |           |           |         |
| 641  | 9320                                   | Maintenance of General Plant                                   | 1,458       | 1,104       | 291        | 0         | 80        | 3       |
| 642  | Total A&G                              |  | 15,448,214  | 11,769,786  | 3,062,728  | 4,670     | 629,952   | 34,082  |
| 643  | TOTAL O&M EXPENSE                      |  |             |             |            |           |           |         |
| 644  |  |  | 104,852,795 | 65,443,244  | 36,111,389 | 1,103,493 | 1,198,934 | 55,818  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
|--|-----------|------------------------------------|-------------------|-----------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| Customer   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                    | Allocation Factor | Allocation Basis      | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  |           | Intangible Plant:                  |                   |                       |               |                   |                    |                             |                |                         |
| 2  |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 3  | 30100     | Organization                       | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 4  | 30200     | Franchises & Consents              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 5  | 30300     | Misc Intangible Plant              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 6  |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 7  |           | Total Intangible Plant:            |                   |                       | 0             |                   |                    |                             |                |                         |
| 8  |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 9  |           | Production Plant:                  |                   |                       |               |                   |                    |                             |                |                         |
| 10   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 11   | 32520     | Producing Leaseholds               | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 12   | 32540     | Rights of Ways                     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 13   | 33100     | Production Gas Wells Equipment     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 14   | 33201     | Field Lines                        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 15   | 33202     | Tributary Lines                    | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 16   | 33400     | Field Meas. & Reg. Sta. Equip      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 17   | 33500     | Purification Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 18   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 19   |           | Total Production Plant:            |                   |                       | 0             |                   |                    |                             |                |                         |
| 20   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 21   |           | Storage Plant:                     |                   |                       |               |                   |                    |                             |                |                         |
| 22   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 23   | 35010     | Land                               | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 24   | 35020     | Rights of Way                      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 25   | 35100     | Structures and Improvements        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 26   | 35102     | Compression Station Equipment      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 27   | 35103     | Meas. & Reg. Sta. Structures       | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 28   | 35104     | Other Structures                   | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 29   | 35200     | Wells & Rights of Way              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 30   | 35201     | Well Construction                  | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 31   | 35202     | Well Equipment                     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 32   | 35203     | Cushion Gas                        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 33   | 35210     | Leaseholds                         | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 34   | 35211     | Storage Rights                     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 35   | 35301     | Field Lines                        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 36   | 35302     | Tributary Lines                    | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 37   | 35400     | Compressor Station Equipment       | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 38   | 35500     | Meas & Reg. Equipment              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 39   | 35500     | Purification Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 40   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 41   |           | Total Storage Plant:               |                   |                       | 0             |                   |                    |                             |                |                         |
| 42   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 43   |           | Transmission:                      |                   |                       |               |                   |                    |                             |                |                         |
| 44   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 45   | 36510     | Land & Land Rights                 | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 46   | 36520     | Rights of Way                      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 47   | 36602     | Structures & Improvements          | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 48   | 36603     | Other Structures                   | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 49   | 36700     | Mains Cathodic Protection          | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 50   | 36701     | Mains - Steel                      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 51   | 36900     | Meas. & Reg. Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 52   | 36901     | Meas. & Reg. Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 53   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 54   |           | Total Transmission Plant:          |                   |                       | 0             |                   |                    |                             |                |                         |
| 55   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 56   |           | Distribution:                      |                   |                       |               |                   |                    |                             |                |                         |
| 57   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 58   | 37400     | Land & Land Rights                 | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 59   | 37401     | Land                               | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 60   | 37402     | Land Rights                        | 2.0               | Bills                 | 10,956        | 9,752             | 1,191              | 1                           | 8              | 4                       |
| 61   | 37403     | Land Other                         | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 62   | 37500     | Structures & Improvements          | 2.0               | Bills                 | 3,443         | 3,085             | 374                | 0                           | 2              | 1                       |
| 63   | 37501     | Structures & Improvements T.B.     | 2.0               | Bills                 | 1,022         | 910               | 111                | 0                           | 1              | 0                       |
| 64   | 37502     | Land Rights                        | 2.0               | Bills                 | 474           | 422               | 52                 | 0                           | 0              | 0                       |
| 65   | 37503     | Improvements                       | 2.0               | Bills                 | 41            | 37                | 4                  | 0                           | 0              | 0                       |
| 66   | 37600     | Mains Cathodic Protection          | 2.0               | Bills                 | 496,933       | 442,331           | 54,020             | 32                          | 348            | 201                     |
| 67   | 37601     | Mains - Steel                      | 2.0               | Bills                 | 1,170,897     | 1,042,241         | 127,285            | 76                          | 821            | 474                     |
| 68   | 37602     | Mains - Plastic                    | 2.0               | Bills                 | 1,016,418     | 904,736           | 110,492            | 66                          | 713            | 411                     |
| 69   | 37600     | Meas & Reg. Sta. Equip - General   | 2.0               | Bills                 | 107,578       | 95,756            | 11,694             | 7                           | 75             | 44                      |
| 70   | 37600     | Meas & Reg. Sta. Equip - City Gate | 2.0               | Bills                 | 44,937        | 40,000            | 4,935              | 3                           | 32             | 16                      |
| 71   | 37605     | Meas & Reg. Sta. Equipment T.B.    | 2.0               | Bills                 | 19,819        | 17,841            | 2,154              | 1                           | 14             | 8                       |
| 72   | 38000     | Services                           | 2.0               | Bills                 | 4,112,168     | 3,660,351         | 447,022            | 298                         | 2,863          | 1,664                   |
| 73   | 38100     | Meters                             | 4.0               | Meter Investment      | 2,897,270     | 1,731,384         | 1,078,894          | 4,785                       | 52,195         | 30,012                  |
| 74   | 38200     | Meter Installations                | 4.0               | Meter Investment      | 2,133,688     | 1,275,074         | 794,649            | 3,524                       | 38,439         | 22,102                  |
| 75   | 38300     | House Regulators                   | 4.0               | Meter Investment      | 264,822       | 168,255           | 98,615             | 437                         | 4,771          | 2,743                   |
| 76   | 38400     | House Reg. Installations           | 4.0               | Meter Investment      | 3,625         | 2,167             | 1,350              | 6                           | 65             | 38                      |
| 77   | 38500     | Ind. Meas. & Reg. Sta. Equipment   | 2.2               | Non-Residential Bills | 147,374       |                   | 145,804            | 87                          | 940            | 543                     |
| 78   | 38600     | Other Prop. On Cust. Prem          | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 79   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 80   |           | Total Distribution Plant:          |                   |                       | 12,431,465    | 9,384,102         | 2,678,498          | 9,293                       | 101,308        | 58,265                  |

| Athos Energy Corporation, Kentucky/Mid-States Division   |       |  |      |                              |            |            |           |       |         |
|--|-------|--|------|------------------------------|------------|------------|-----------|-------|---------|
| Class Cost of Service - Customer/Demand Study            |       |  |      |                              |            |            |           |       |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |      |                              |            |            |           |       |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |       |  |      |                              |            |            |           |       |         |
| 81   |       | General:                                     |      |                              |            |            |           |       |         |
| 82   |       |  |      |                              |            |            |           |       |         |
| 83   |       |  |      |                              |            |            |           |       |         |
| 84   | 39000 | Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 85   | 39000 | Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 131,569    | 104,494    | 26,941    | 88    | 740     |
| 86   | 39001 | Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 87   | 39002 | Improvements                                 | 6.2  | P, S, T & D Plant - Customer | 4,337      | 3,444      | 892       | 2     | 24      |
| 88   | 39003 | Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 17,766     | 14,110     | 3,656     | 9     | 100     |
| 89   | 39004 | Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 167        | 148        | 37        | 0     | 1       |
| 90   | 39000 | Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 155,341    | 123,374    | 30,510    | 80    | 674     |
| 91   | 39100 | Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 69,847     | 66,816     | 17,018    | 45    | 487     |
| 92   | 39102 | Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 93   | 39103 | Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 94   | 39200 | Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 15,912     | 12,638     | 3,125     | 8     | 90      |
| 95   | 39201 | Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 966        | 790        | 189       | 0     | 5       |
| 96   | 39202 | Staves Equipment                             | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 97   | 39300 | Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 98   | 39400 | Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 48,466     | 38,492     | 9,919     | 26    | 273     |
| 99   | 39600 | Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 100  | 39603 | Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 123        | 97         | 24        | 0     | 1       |
| 101  | 39604 | Welders                                      | 6.2  | P, S, T & D Plant - Customer | 163        | 129        | 32        | 0     | 1       |
| 102  | 39905 | Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 4,311      | 3,424      | 847       | 2     | 24      |
| 103  | 39700 | Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 17,970     | 14,272     | 3,629     | 9     | 101     |
| 104  | 39701 | Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 105  | 39702 | Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 106  | 39705 | Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 107  | 39900 | Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 143,320    | 113,827    | 28,149    | 74    | 606     |
| 108  | 39900 | Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 109  | 39901 | Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 110  | 39902 | Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 111  | 39903 | Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 6,310      | 5,011      | 1,239     | 3     | 36      |
| 112  | 39904 | Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 113  | 39905 | Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 114  | 39906 | Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 221,247    | 175,718    | 43,454    | 114   | 1,245   |
| 115  | 39907 | Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 116  | 39908 | Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 117  | 39906 | Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 406,167    | 322,584    | 78,774    | 210   | 2,285   |
| 118  |       |  |      |                              |            |            |           |       |         |
| 119  |       |  |      |                              |            |            |           |       |         |
| 120  |       | Total General Plant                          |      |                              | 1,260,791  | 1,001,340  | 247,627   | 651   | 7,093   |
| 121  |       |  |      |                              |            |            |           |       |         |
| 122  |       | TOTAL DIRECT DEPRECIATION EXPENSE            |      |                              | 13,692,257 | 10,385,442 | 3,126,124 | 9,944 | 108,401 |
| 123  |       |  |      |                              |            |            |           |       |         |
| 124  |       | Kentucky Mid-States General Office:          |      |                              |            |            |           |       |         |
| 125  |       |  |      |                              |            |            |           |       |         |
| 126  |       | Intangible Plant:                            |      |                              |            |            |           |       |         |
| 127  |       |  |      |                              |            |            |           |       |         |
| 128  | 30100 | Organization                                 | 99.0 |                              | 0          |            |           |       |         |
| 129  | 30200 | Franchises & Consents                        | 99.0 |                              | 0          |            |           |       |         |
| 130  | 30300 | Misc Intangible Plant                        | 99.0 |                              | 0          |            |           |       |         |
| 131  |       |  |      |                              |            |            |           |       |         |
| 132  |       | Total Intangible Plant                       |      |                              | 0          |            |           |       |         |
| 133  |       |  |      |                              |            |            |           |       |         |
| 134  |       | General:                                     |      |                              |            |            |           |       |         |
| 135  |       |  |      |                              |            |            |           |       |         |
| 136  | 37400 | Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 137  | 39001 | Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 1,572      | 1,249      | 309       | 1     | 9       |
| 138  | 39002 | Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 139  | 39000 | Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 140  | 39004 | Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 141  | 39009 | Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 2,505      | 1,960      | 492       | 1     | 14      |
| 142  | 39100 | Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 407        | 323        | 80        | 0     | 2       |
| 143  | 39102 | Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 144  | 39103 | Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 145  | 39200 | Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 146  | 39201 | Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 147  | 39202 | Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 148  | 39300 | Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 149  | 39400 | Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 794        | 630        | 166       | 0     | 4       |
| 150  | 39600 | Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 3          | 3          | 1         | 0     | 0       |
| 151  | 39603 | Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 152  | 39604 | Welders                                      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 153  | 39905 | Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 1,732      | 1,376      | 340       | 1     | 10      |
| 154  | 39700 | Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 155  | 39701 | Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 156  | 39702 | Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 157  | 39705 | Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 158  | 39900 | Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 10,012     | 7,952      | 1,966     | 5     | 56      |
| 159  | 39900 | Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 160  | 39901 | Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 7,092      | 5,633      | 1,393     | 4     | 40      |
| 161  | 39902 | Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 162  | 39903 | Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 163  | 39904 | Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 164  | 39905 | Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 165  | 39906 | Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 166  | 39907 | Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 2,721      | 2,161      | 534       | 1     | 15      |
| 167  | 39908 | Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 168  | 39909 | Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 169  | 39924 | Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0          |            |           |       |         |
| 170  |       |  |      |                              |            |            |           |       |         |
| 171  |       |  |      |                              |            |            |           |       |         |
| 172  |       | Total General Plant                          |      |                              | 26,838     | 21,319     | 5,271     | 14    | 151     |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                                  |  |     |                              |            |            |           |        |         |
|--|----------------------------------|--|-----|------------------------------|------------|------------|-----------|--------|---------|
| Class Cost of Service - Customer/Demand Study            |                                  |  |     |                              |            |            |           |        |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                  |  |     |                              |            |            |           |        |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |                                  |  |     |                              |            |            |           |        |         |
| 173  |                                  |  |     |                              |            |            |           |        |         |
| 174  | Shared Services General Office:  |  |     |                              |            |            |           |        |         |
| 175  |                                  |  |     |                              |            |            |           |        |         |
| 176  | General:                         |  |     |                              |            |            |           |        |         |
| 177  |                                  |  |     |                              |            |            |           |        |         |
| 178  | 37400                            | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 179  | 39000                            | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 5,305      | 4,214      | 1,042     | 3      | 30      |
| 180  | 39602                            | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 181  | 37503                            | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 182  | 39004                            | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 183  | 39009                            | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 11,014     | 8,748      | 2,163     | 6      | 62      |
| 184  | 39100                            | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 15,616     | 12,402     | 3,067     | 8      | 88      |
| 185  | 39102                            | Remittance Processing Equip                  | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 186  | 39103                            | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 187  | 39200                            | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 25         | 20         | 5         | 0      | 0       |
| 188  | 39201                            | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 189  | 39202                            | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 190  | 39300                            | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 191  | 39400                            | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 4,792      | 3,806      | 941       | 2      | 27      |
| 192  | 39600                            | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 83         | 66         | 16        | 0      | 0       |
| 193  | 39603                            | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 194  | 39604                            | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 195  | 39605                            | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 196  | 39700                            | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 5,224      | 4,149      | 1,026     | 3      | 29      |
| 197  | 39701                            | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 198  | 39702                            | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 199  | 39705                            | Communication Equip. - Telemetry             | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 200  | 39900                            | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 1,022      | 812        | 201       | 1      | 6       |
| 201  | 39900                            | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 769        | 611        | 151       | 0      | 4       |
| 202  | 39901                            | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 104,465    | 62,958     | 20,517    | 54     | 589     |
| 203  | 39902                            | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 60,475     | 48,030     | 11,878    | 31     | 340     |
| 204  | 39903                            | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 8,328      | 6,614      | 1,636     | 4      | 47      |
| 205  | 39904                            | Other Tangible Property - CPU                | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 206  | 39905                            | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 207  | 39906                            | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 8,447      | 6,709      | 1,659     | 4      | 48      |
| 208  | 39907                            | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 1,594      | 1,266      | 313       | 1      | 9       |
| 209  | 39908                            | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 280,615    | 223,028    | 55,154    | 145    | 1,580   |
| 210  | 39909                            | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 211  | 39924                            | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 212  |                                  |  |     |                              |            |            |           |        |         |
| 213  |                                  |  |     |                              |            |            |           |        |         |
| 214  |                                  | Total General Plant                          |     |                              | 507,975    | 403,442    | 99,768    | 262    | 2,658   |
| 215  |                                  |  |     |                              |            |            |           |        |         |
| 216  | Shared Services Customer Support |  |     |                              |            |            |           |        |         |
| 217  |                                  |  |     |                              |            |            |           |        |         |
| 218  | General:                         |  |     |                              |            |            |           |        |         |
| 219  |                                  |  |     |                              |            |            |           |        |         |
| 220  | 37400                            | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 221  | 39001                            | Structures Frame                             | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 222  | 39602                            | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 16,900     | 13,343     | 3,300     | 9      | 95      |
| 223  | 37503                            | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 224  | 39004                            | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 225  | 39009                            | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 5,317      | 4,222      | 1,044     | 3      | 30      |
| 226  | 39100                            | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 3,461      | 2,749      | 680       | 2      | 19      |
| 227  | 39102                            | Remittance Processing Equip                  | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 228  | 39103                            | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 229  | 39200                            | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 230  | 39201                            | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 231  | 39202                            | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 232  | 39300                            | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 233  | 39400                            | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 234  | 39500                            | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 235  | 39603                            | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 236  | 39604                            | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 237  | 39605                            | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 238  | 39700                            | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 4,485      | 3,562      | 881       | 2      | 25      |
| 239  | 39701                            | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 240  | 39702                            | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 241  | 39705                            | Communication Equip. - Telemetry             | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 242  | 39900                            | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 124        | 98         | 24        | 0      | 1       |
| 243  | 39900                            | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 3,214      | 2,562      | 631       | 2      | 18      |
| 244  | 39901                            | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 29,638     | 23,539     | 5,621     | 15     | 167     |
| 245  | 39902                            | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 6,243      | 4,956      | 1,226     | 3      | 35      |
| 246  | 39903                            | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 1,688      | 1,340      | 331       | 1      | 9       |
| 247  | 39904                            | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 248  | 39905                            | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 249  | 39906                            | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 4,198      | 3,334      | 824       | 2      | 24      |
| 250  | 39907                            | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 820        | 413        | 102       | 0      | 3       |
| 251  | 39908                            | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 279,740    | 222,173    | 54,942    | 144    | 1,574   |
| 252  | 39909                            | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 253  | 39924                            | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0          |            |           |        |         |
| 254  |                                  |  |     |                              |            |            |           |        |         |
| 255  |                                  |  |     |                              |            |            |           |        |         |
| 256  |                                  | Total General Plant                          |     |                              | 355,425    | 282,284    | 69,807    | 184    | 2,000   |
| 257  |                                  |  |     |                              |            |            |           |        |         |
| 258  |                                  | TOTAL DEPRECIATION EXPENSE - CUSTOMER        |     |                              | 14,592,495 | 11,092,483 | 3,300,972 | 10,404 | 113,410 |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |          |                                     |                   |                  |               |                   |                    |                             |                |                         |
|--|----------|-------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |          |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |                                     |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Demand   |          |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct No. |                                     | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 259  |          | Intangible Plant:                   |                   |                  | 0             |                   |                    |                             |                |                         |
| 260  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 261  | 30100    | Organization                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 262  | 30200    | Franchises & Consents               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 263  | 30300    | Misc Intangible Plant               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 264  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 265  |          | Total Intangible Plant:             |                   |                  | 0             |                   |                    |                             |                |                         |
| 266  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 267  |          | Production Plant:                   |                   |                  | 0             |                   |                    |                             |                |                         |
| 268  |          |                                     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 269  | 32520    | Producing Leaseholds                | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 270  | 32540    | Rights of Ways                      | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 271  | 33100    | Production Gas Wells Equipment      | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 272  | 33201    | Field Lines                         | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 273  | 33202    | Tributary Lines                     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 274  | 33400    | Field Meas. & Reg. Sta. Equip       | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 275  | 33600    | Purification Equipment              | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 276  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 277  |          | Total Production Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 278  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 279  |          | Storage Plant:                      |                   |                  | 0             |                   |                    |                             |                |                         |
| 280  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 281  | 35010    | Land                                | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 282  | 35020    | Rights of Way                       | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 283  | 35100    | Structures and Improvements         | 3.0               | Peak Day         | 150           | 81                | 45                 |                             | 24             |                         |
| 284  | 35102    | Compression Station Equipment       | 3.0               | Peak Day         | 966           | 521               | 281                |                             | 153            |                         |
| 285  | 35103    | Meas. & Reg. Sta. Structures        | 3.0               | Peak Day         | 106           | 57                | 32                 |                             | 17             |                         |
| 286  | 35104    | Other Structures                    | 3.0               | Peak Day         | 693           | 482               | 269                |                             | 142            |                         |
| 287  | 35200    | Wells/Rights of Way                 | 3.0               | Peak Day         | 88,389        | 47,734            | 26,636             |                             | 14,019         |                         |
| 288  | 35201    | Well Construction                   | 3.0               | Peak Day         | 12,835        | 6,952             | 3,965              |                             | 2,038          |                         |
| 289  | 35202    | Well Equipment                      | 3.0               | Peak Day         | 1,534         | 1,044             | 593                |                             | 307            |                         |
| 290  | 35203    | Cushion Gas                         | 3.0               | Peak Day         | 15,253        | 8,238             | 4,597              |                             | 2,419          |                         |
| 291  | 35210    | Leaseholds                          | 3.0               | Peak Day         | 312           | 169               | 94                 |                             | 50             |                         |
| 292  | 35211    | Storage Rights                      | 3.0               | Peak Day         | 240           | 130               | 72                 |                             | 38             |                         |
| 293  | 35301    | Field Lines                         | 3.0               | Peak Day         | 723           | 390               | 218                |                             | 115            |                         |
| 294  | 35302    | Tributary Lines                     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 295  | 35400    | Compressor Station Equipment        | 3.0               | Peak Day         | 8,311         | 4,488             | 2,504              |                             | 1,318          |                         |
| 296  | 35500    | Meas. & Reg. Equipment              | 3.0               | Peak Day         | 814           | 332               | 185                |                             | 97             |                         |
| 297  | 35600    | Purification Equipment              | 3.0               | Peak Day         | 4,250         | 2,265             | 1,281              |                             | 674            |                         |
| 298  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 299  |          | Total Storage Plant                 |                   |                  | 134,877       | 72,894            | 40,675             |                             | 21,408         |                         |
| 300  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 301  |          | Transmission:                       |                   |                  | 0             |                   |                    |                             |                |                         |
| 302  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 303  | 36510    | Land & Land Rights                  | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 304  | 36520    | Rights of Way                       | 3.0               | Peak Day         | 11,541        | 6,233             | 3,478              |                             | 1,831          |                         |
| 305  | 36602    | Structures & Improvements           | 3.0               | Peak Day         | 872           | 471               | 263                |                             | 138            |                         |
| 306  | 36603    | Other Structures                    | 3.0               | Peak Day         | 1,083         | 565               | 326                |                             | 172            |                         |
| 307  | 36700    | Mains Cathodic Protection           | 3.0               | Peak Day         | 9,275         | 5,009             | 2,795              |                             | 1,471          |                         |
| 308  | 36701    | Mains - Steel                       | 3.0               | Peak Day         | 524,702       | 283,365           | 158,117            |                             | 83,220         |                         |
| 309  | 36800    | Meas. & Reg. Equipment              | 3.0               | Peak Day         | 13,181        | 7,109             | 3,966              |                             | 2,087          |                         |
| 310  | 36901    | Meas. & Reg. Equipment              | 3.0               | Peak Day         | 48,675        | 26,233            | 14,638             |                             | 7,704          |                         |
| 311  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 312  |          | Total Transmission Plant            |                   |                  | 609,211       | 328,004           | 183,585            |                             | 95,624         |                         |
| 313  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 314  |          | Distribution:                       |                   |                  | 0             |                   |                    |                             |                |                         |
| 315  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 316  | 37400    | Land & Land Rights                  | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 317  | 37401    | Land                                | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 318  | 37402    | Land Rights                         | 3.0               | Peak Day         | 11,081        | 5,984             | 3,339              |                             | 1,757          |                         |
| 319  | 37403    | Land Other                          | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 320  | 37500    | Structures & Improvements           | 3.0               | Peak Day         | 3,482         | 1,891             | 1,049              |                             | 552            |                         |
| 321  | 37501    | Structures & Improvements T.B.      | 3.0               | Peak Day         | 1,034         | 558               | 312                |                             | 164            |                         |
| 322  | 37502    | Land Rights                         | 3.0               | Peak Day         | 479           | 259               | 144                |                             | 76             |                         |
| 323  | 37503    | Improvements                        | 3.0               | Peak Day         | 41            | 22                | 13                 |                             | 7              |                         |
| 324  | 37600    | Mains Cathodic Protection           | 3.0               | Peak Day         | 502,585       | 271,421           | 151,452            |                             | 79,712         |                         |
| 325  | 37601    | Mains - Steel                       | 3.0               | Peak Day         | 1,184,213     | 638,534           | 358,858            |                             | 187,522        |                         |
| 326  | 37602    | Mains - Plastic                     | 3.0               | Peak Day         | 1,027,977     | 555,158           | 309,776            |                             | 163,042        |                         |
| 327  | 37800    | Meas. & Reg. Sta. Equip - General   | 3.0               | Peak Day         | 108,800       | 58,757            | 32,798             |                             | 17,269         |                         |
| 328  | 37800    | Meas. & Reg. Sta. Equip - City Gate | 3.0               | Peak Day         | 46,448        | 24,544            | 13,698             |                             | 7,208          |                         |
| 329  | 37905    | Meas. & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day         | 20,044        | 10,825            | 6,040              |                             | 3,179          |                         |
| 330  | 38000    | Services                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 331  | 38100    | Meters                              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 332  | 38200    | Meter Installations                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 333  | 38300    | House Regulators                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 334  | 38400    | House Reg. Installations            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 335  | 38500    | Ind. Meas. & Reg. Sta. Equipment    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 336  | 38600    | Other Prop. On Cust. Prem           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 337  |          |                                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 338  |          | Total Distribution Plant            |                   |                  | 2,905,185     | 1,568,943         | 875,465            |                             | 460,777        |                         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |      |                            |           |           |           |         |
|--|--|------|----------------------------|-----------|-----------|-----------|---------|
| Class Cost of Service - Customer/Demand Study            |  |      |                            |           |           |           |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |      |                            |           |           |           |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |  |      |                            |           |           |           |         |
| 339  |  |      |                            |           |           |           |         |
| 340  | General:   |      |                            |           |           |           |         |
| 341  |  |      |                            |           |           |           |         |
| 342  | 39000 Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 343  | 39000 Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 62,874    | 33,955    | 18,947    | 9,972   |
| 344  | 39001 Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 345  | 39002 Improvements                                 | 6.4  | P, S, T & D Plant - Demand | 2,072     | 1,119     | 624       | 329     |
| 346  | 39003 Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 8,490     | 4,585     | 2,568     | 1,347   |
| 347  | 39004 Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 89        | 48        | 27        | 14      |
| 348  | 39009 Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 74,234    | 40,090    | 22,370    | 11,774  |
| 349  | 39100 Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 41,407    | 22,362    | 12,478    | 6,567   |
| 350  | 39102 Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 351  | 39103 Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 352  | 39200 Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 7,604     | 4,107     | 2,291     | 1,206   |
| 353  | 39201 Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 457       | 247       | 138       | 72      |
| 354  | 39202 Stores Equipment                             | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 355  | 39300 Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 356  | 39400 Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 23,161    | 12,508    | 6,979     | 3,673   |
| 357  | 39500 Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 358  | 39603 Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 59        | 32        | 18        | 9       |
| 359  | 39604 Welders                                      | 6.4  | P, S, T & D Plant - Demand | 78        | 42        | 23        | 12      |
| 360  | 39605 Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 2,060     | 1,113     | 621       | 327     |
| 361  | 39700 Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 8,588     | 4,638     | 2,588     | 1,352   |
| 362  | 39701 Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 363  | 39702 Communication Equip. - Telemetering          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 364  | 39705 Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 365  | 39800 Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 68,490    | 38,988    | 20,630    | 10,853  |
| 366  | 39900 Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 367  | 39901 Other Tangible Property - Servers - SW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 368  | 39902 Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 369  | 39903 Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 3,015     | 1,628     | 909       | 478     |
| 370  | 39904 Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 371  | 39905 Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 372  | 39906 Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 105,729   | 57,059    | 31,861    | 16,769  |
| 373  | 39907 Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 374  | 39908 Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 375  | 39909 Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 194,098   | 104,823   | 58,491    | 30,785  |
| 376  |  |      |                            |           |           |           |         |
| 377  | Total General Plant                                |      |                            | 602,505   | 325,382   | 161,562   | 95,560  |
| 378  |  |      |                            |           |           |           | 0       |
| 379  | TOTAL DIRECT DEPRECIATION EXPENSE                  |      |                            | 4,251,878 | 2,296,224 | 1,281,265 | 674,369 |
| 380  |  |      |                            |           |           |           | 0       |
| 381  | Kentucky Mid-States General Office:                |      |                            |           |           |           |         |
| 382  |  |      |                            |           |           |           |         |
| 383  | Intangible Plant:                                  |      |                            |           |           |           |         |
| 384  |  |      |                            |           |           |           |         |
| 385  |  |      |                            |           |           |           |         |
| 386  | 30100 Organization                                 | 99.0 |                            | 0         |           |           |         |
| 387  | 30200 Franchises & Consents                        | 99.0 |                            | 0         |           |           |         |
| 388  | 30300 Misc Intangible Plant                        | 99.0 |                            | 0         |           |           |         |
| 389  |  |      |                            |           |           |           |         |
| 390  | Total Intangible Plant                             |      |                            | 0         |           |           |         |
| 391  |  |      |                            |           |           |           |         |
| 392  | General:   |      |                            |           |           |           |         |
| 393  |  |      |                            |           |           |           |         |
| 394  | 37400 Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 395  | 39001 Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 751       | 406       | 226       | 119     |
| 396  | 39602 Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 397  | 39900 Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 398  | 39004 Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 399  | 39009 Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 1,197     | 647       | 361       | 160     |
| 400  | 39100 Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 194       | 105       | 59        | 31      |
| 401  | 39102 Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 402  | 39103 Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 403  | 39200 Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 404  | 39201 Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 405  | 39202 Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 406  | 39300 Stores Equipment                             | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 407  | 39400 Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 379       | 205       | 114       | 60      |
| 408  | 39500 Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 2         |           | 0         | 0       |
| 409  | 39603 Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 410  | 39604 Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 411  | 39605 Welders                                      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 412  | 39700 Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 828       | 447       | 249       | 131     |
| 413  | 39701 Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 414  | 39702 Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 415  | 39705 Communication Equip. - Telemetering          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 416  | 39800 Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | 4,765     | 2,584     | 1,442     | 759     |
| 417  | 39900 Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 418  | 39901 Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 3,389     | 1,830     | 1,021     | 539     |
| 419  | 39902 Other Tangible Property - Servers - SW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 420  | 39903 Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 421  | 39904 Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 422  | 39905 Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 423  | 39906 Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 424  | 39907 Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 1,300     | 702       | 392       | 206     |
| 425  | 39908 Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 426  | 39909 Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 427  | 39924 Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 428  |  |      |                            |           |           |           |         |
| 429  | Total General Plant                                |      |                            | 12,825    | 6,926     | 3,885     | 2,034   |
| 430  |  |      |                            |           |           |           |         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                                   |  |     |                            |           |                                 |
|--|-----------------------------------|--|-----|----------------------------|-----------|---------------------------------|
| Class Cost of Service - Customer/Demand Study            |                                   |  |     |                            |           |                                 |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                   |  |     |                            |           |                                 |
| ALLOCATION OF DEPRECIATION EXPENSE                       |                                   |  |     |                            |           |                                 |
| 431  |                                   |  |     |                            |           |                                 |
| 432  | Shared Services General Office:   |  |     |                            |           |                                 |
| 433  |                                   |  |     |                            |           |                                 |
| 434  | General:                          |  |     |                            |           |                                 |
| 435  |                                   |  |     |                            |           |                                 |
| 436  | 37400                             | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 437  | 38000                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 2,535     | 1,989 764 402                   |
| 438  | 38602                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 439  | 37503                             | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 440  | 38004                             | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 441  | 38009                             | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 5,263     | 2,842 1,586 835                 |
| 442  | 39100                             | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 7,462     | 4,030 2,249 1,184               |
| 443  | 39102                             | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 444  | 39103                             | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 445  | 39200                             | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 12        | 6 4 2                           |
| 446  | 39201                             | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 447  | 39202                             | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 448  | 39300                             | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 449  | 39400                             | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 2,390     | 1,237 690 963                   |
| 450  | 39600                             | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 40        | 21 12 6                         |
| 451  | 39603                             | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 452  | 39604                             | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 453  | 39605                             | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 454  | 39700                             | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,497     | 1,348 752 398                   |
| 455  | 39701                             | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 456  | 39702                             | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 457  | 39705                             | Communication Equip. - Telemetry             | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 458  | 39900                             | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 489       | 264 147 77                      |
| 459  | 39900                             | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 387       | 198 111 59                      |
| 460  | 39901                             | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 49,821    | 26,960 15,044 7,918             |
| 461  | 39902                             | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 28,500    | 15,607 8,709 4,584              |
| 462  | 39903                             | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 3,980     | 2,149 1,199 631                 |
| 463  | 39904                             | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 464  | 39905                             | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 465  | 39906                             | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 4,037     | 2,180 1,216 640                 |
| 466  | 39907                             | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 762       | 411 229 121                     |
| 467  | 39908                             | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 134,196   | 72,472 40,438 21,284            |
| 468  | 39909                             | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 469  | 39924                             | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 470  |                                   |  |     |                            |           |                                 |
| 471  |                                   | Total General Plant                          |     |                            | 242,750   | 131,097 73,162 38,501           |
| 472  |                                   |  |     |                            |           |                                 |
| 473  | Shared Services Customer Support: |  |     |                            |           |                                 |
| 474  |                                   | General:                                     |     |                            |           |                                 |
| 475  |                                   |  |     |                            |           |                                 |
| 476  |                                   |  |     |                            |           |                                 |
| 477  |                                   |  |     |                            |           |                                 |
| 478  | 37400                             | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 479  | 39001                             | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 480  | 38602                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 8,028     | 4,336 2,418 1,273               |
| 481  | 37503                             | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 482  | 38004                             | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 483  | 38009                             | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 2,641     | 1,372 766 403                   |
| 484  | 39100                             | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 1,654     | 893 498 262                     |
| 485  | 39102                             | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 486  | 39103                             | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 487  | 39200                             | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 488  | 39201                             | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 489  | 39202                             | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 490  | 39300                             | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 491  | 39400                             | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 492  | 39600                             | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 493  | 39603                             | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 494  | 39604                             | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 495  | 39605                             | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 496  | 39700                             | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,143     | 1,157 648 340                   |
| 497  | 39701                             | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 498  | 39702                             | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 499  | 39705                             | Communication Equip. - Telemetry             | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 500  | 39900                             | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 69        | 32 18 9                         |
| 501  | 39900                             | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 1,538     | 829 463 244                     |
| 502  | 39901                             | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 14,163    | 7,649 4,268 2,246               |
| 503  | 39902                             | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 2,683     | 1,011 899 473                   |
| 504  | 39903                             | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 806       | 438 243 128                     |
| 505  | 39904                             | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 506  | 39905                             | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 507  | 39906                             | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 2,006     | 1,053 604 318                   |
| 508  | 39907                             | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 248       | 134 75 39                       |
| 509  | 39908                             | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 133,681   | 72,195 40,284 21,203            |
| 510  | 39909                             | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 511  | 39924                             | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0         |                                 |
| 512  |                                   |  |     |                            |           |                                 |
| 513  |                                   |  |     |                            |           |                                 |
| 514  |                                   | Total General Plant                          |     |                            | 169,850   | 91,727 51,184 26,839            |
| 515  |                                   |  |     |                            |           |                                 |
| 516  |                                   | TOTAL DEPRECIATION EXPENSE - DEMAND          |     |                            | 4,677,304 | 2,525,975 1,409,465 0 741,844 0 |

| Altoon Energy Corporation, Kentucky/Mid-States Division  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Commodity  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                    | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 517  |           | Intangible Plant:                  |                   |                  |               |                   |                    |                             |                |                         |
| 518  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 519  | 30100     | Organization                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 520  | 30200     | Franchises & Consents              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 521  | 30300     | Misc Intangible Plant              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 522  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 523  |           | Total Intangible Plant:            |                   |                  | 0             |                   |                    |                             |                |                         |
| 524  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 525  |           | Production Plant:                  |                   |                  |               |                   |                    |                             |                |                         |
| 526  |           |                                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 527  | 32520     | Producing Leaseholds               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 528  | 32540     | Rights of Ways                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 529  | 33100     | Production Gas Wells Equipment     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 530  | 33201     | Field Lines                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 531  | 33202     | Tributary Lines                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 532  | 33400     | Field Meas. & Reg. Sta. Equip      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 533  | 33600     | Purification Equipment             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 534  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 535  |           | Total Production Plant:            |                   |                  | 0             |                   |                    |                             |                |                         |
| 536  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 537  |           | Storage Plant:                     |                   |                  |               |                   |                    |                             |                |                         |
| 538  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 539  | 35010     | Land                               | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 540  | 35020     | Rights of Way                      | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 541  | 35100     | Structures and Improvements        | 1.5               | Winter Volumes   | 150           | 59                | 35                 | 1                           | 28             | 27                      |
| 542  | 35102     | Compression Station Equipment      | 1.5               | Winter Volumes   | 968           | 378               | 228                | 7                           | 178            | 174                     |
| 543  | 35103     | Meas. & Reg. Sta. Structures       | 1.5               | Winter Volumes   | 108           | 42                | 25                 | 1                           | 20             | 19                      |
| 544  | 35104     | Other Structures                   | 1.5               | Winter Volumes   | 893           | 350               | 211                | 7                           | 165            | 161                     |
| 545  | 35200     | Wells & Rights of Way              | 1.5               | Winter Volumes   | 89,389        | 34,606            | 20,863             | 857                         | 16,306         | 15,958                  |
| 546  | 35201     | Well Construction                  | 1.5               | Winter Volumes   | 12,835        | 5,025             | 3,030              | 85                          | 2,368          | 2,317                   |
| 547  | 35202     | Well Equipment                     | 1.5               | Winter Volumes   | 1,934         | 757               | 456                | 14                          | 357            | 349                     |
| 548  | 35203     | Cushion Gas                        | 1.5               | Winter Volumes   | 15,253        | 5,972             | 3,600              | 113                         | 2,814          | 2,754                   |
| 549  | 35210     | Leaseholds                         | 1.5               | Winter Volumes   | 312           | 122               | 74                 | 2                           | 58             | 58                      |
| 550  | 35211     | Storage Rights                     | 1.5               | Winter Volumes   | 240           | 94                | 57                 | 2                           | 44             | 43                      |
| 551  | 35301     | Field Lines                        | 1.5               | Winter Volumes   | 723           | 283               | 171                | 5                           | 133            | 131                     |
| 552  | 35302     | Tributary Lines                    | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 553  | 35400     | Compressor Station Equipment       | 1.5               | Winter Volumes   | 8,311         | 3,254             | 1,962              | 62                          | 1,633          | 1,600                   |
| 554  | 35500     | Meas & Reg. Equipment              | 1.5               | Winter Volumes   | 814           | 240               | 145                | 5                           | 113            | 111                     |
| 555  | 35600     | Purification Equipment             | 1.5               | Winter Volumes   | 4,250         | 1,664             | 1,003              | 32                          | 784            | 767                     |
| 556  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 557  |           | Total Storage Plant:               |                   |                  | 134,977       | 52,846            | 31,860             | 1,003                       | 24,901         | 24,367                  |
| 558  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 559  |           | Transmission:                      |                   |                  |               |                   |                    |                             |                |                         |
| 560  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 561  | 36910     | Land & Land Rights                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 562  | 36920     | Rights of Way                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 563  | 36930     | Structures & Improvements          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 564  | 36933     | Other Structures                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 565  | 36937     | Mains Cathodic Protection          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 566  | 36941     | Mains - Steel                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 567  | 36945     | Meas. & Reg. Equipment             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 568  | 36949     | Meas. & Reg. Equipment             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 569  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 570  |           | Total Transmission Plant:          |                   |                  | 0             |                   |                    |                             |                |                         |
| 571  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 572  |           | Distribution:                      |                   |                  |               |                   |                    |                             |                |                         |
| 573  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 574  | 37400     | Land & Land Rights                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 575  | 37401     | Land                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 576  | 37402     | Land Rights                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 577  | 37403     | Land Other                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 578  | 37500     | Structures & Improvements          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 579  | 37501     | Structures & Improvements T.B.     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 580  | 37502     | Land Rights                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 581  | 37503     | Improvements                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 582  | 37600     | Mains Cathodic Protection          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 583  | 37601     | Mains - Steel                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 584  | 37602     | Mains - Plastic                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 585  | 37603     | Meas & Reg. Sta. Equip - General   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 586  | 37604     | Meas & Reg. Sta. Equip - City Gate | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 587  | 37605     | Meas & Reg. Sta. Equipment T.B.    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 588  | 38000     | Services                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 589  | 38100     | Meters                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 590  | 38200     | Meter Installations                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 591  | 38300     | House Regulators                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 592  | 38400     | House Reg. Installations           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 593  | 38500     | Ind. Meas. & Reg. Sta. Equipment   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 594  | 38600     | Other Prop. On Cust. Prom          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 595  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 596  |           | Total Distribution Plant:          |                   |                  | 0             |                   |                    |                             |                |                         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                                      |  |      |                               |         |        |        |       |        |
|--|--------------------------------------|--|------|-------------------------------|---------|--------|--------|-------|--------|
| Class Cost of Service - Customer/Demand Study            |                                      |  |      |                               |         |        |        |       |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                      |  |      |                               |         |        |        |       |        |
| ALLOCATION OF DEPRECIATION EXPENSE                       |                                      |  |      |                               |         |        |        |       |        |
| 597  | General:                             |  |      |                               |         |        |        |       |        |
| 598  |                                      |  |      |                               |         |        |        |       |        |
| 599  |                                      |  |      |                               |         |        |        |       |        |
| 600  | 38600                                | Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 601  | 39000                                | Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 3,039   | 1,190  | 717    | 23    | 561    |
| 602  | 39001                                | Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 603  | 39002                                | Improvements                                 | 6.6  | P, S, T & D Plant - Commodity | 100     | 39     | 24     | 1     | 18     |
| 604  | 39003                                | Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 410     | 161    | 97     | 3     | 76     |
| 605  | 39004                                | Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 4       | 2      | 1      | 0     | 1      |
| 606  | 39009                                | Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 3,568   | 1,405  | 847    | 27    | 662    |
| 607  | 39100                                | Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 2,002   | 784    | 472    | 15    | 369    |
| 608  | 39102                                | Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 609  | 39103                                | Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 610  | 39200                                | Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 368     | 144    | 87     | 3     | 68     |
| 611  | 39201                                | Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 22      | 9      | 5      | 0     | 4      |
| 612  | 39202                                | Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 613  | 39300                                | Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 614  | 39400                                | Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 1,129   | 438    | 264    | 6     | 207    |
| 615  | 39500                                | Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 616  | 39603                                | Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 3       | 1      | 1      | 0     | 1      |
| 617  | 39604                                | Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 4       | 1      | 1      | 0     | 1      |
| 618  | 39605                                | Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 100     | 39     | 24     | 1     | 18     |
| 619  | 39700                                | Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 415     | 163    | 98     | 3     | 77     |
| 620  | 39701                                | Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 621  | 39702                                | Communication Equip. - Telemetering          | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 622  | 39705                                | Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 623  | 39800                                | Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 3,311   | 1,296  | 781    | 25    | 611    |
| 624  | 39900                                | Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 625  | 39901                                | Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 626  | 39902                                | Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 627  | 39903                                | Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 146     | 57     | 34     | 1     | 27     |
| 628  | 39904                                | Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 629  | 39905                                | Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 630  | 39906                                | Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 5,111   | 2,001  | 1,206  | 38    | 643    |
| 631  | 39907                                | Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 632  | 39908                                | Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 633  | 39909                                | Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 9,383   | 3,674  | 2,215  | 70    | 1,731  |
| 634  |                                      |  |      |                               |         |        |        |       |        |
| 635  |                                      |  |      |                               |         |        |        |       |        |
| 636  | Total General Plant                  |  |      |                               | 29,125  | 11,403 | 6,875  | 216   | 5,973  |
| 637  | TOTAL DIRECT DEPRECIATION EXPENSE    |  |      |                               | 164,102 | 64,249 | 38,735 | 1,219 | 30,274 |
| 638  |                                      |  |      |                               |         |        |        |       |        |
| 639  | Kentucky, Mid-States General Office: |  |      |                               |         |        |        |       |        |
| 640  |                                      |  |      |                               |         |        |        |       |        |
| 641  |                                      |  |      |                               |         |        |        |       |        |
| 642  | Intangible Plant:                    |  |      |                               |         |        |        |       |        |
| 643  |                                      |  |      |                               |         |        |        |       |        |
| 644  | 30100                                | Organization                                 | 99.0 | -                             | 0       |        |        |       |        |
| 645  | 30200                                | Franchises & Consents                        | 99.0 | -                             | 0       |        |        |       |        |
| 646  | 30300                                | Misc Intangible Plant                        | 99.0 | -                             | 0       |        |        |       |        |
| 647  |                                      |  |      |                               |         |        |        |       |        |
| 648  |                                      |  |      |                               |         |        |        |       |        |
| 649  |                                      |  |      |                               |         |        |        |       |        |
| 650  | General:                             |  |      |                               |         |        |        |       |        |
| 651  |                                      |  |      |                               |         |        |        |       |        |
| 652  | 37400                                | Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 653  | 38001                                | Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 36      | 14     | 9      | 0     | 7      |
| 654  | 38902                                | Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 655  | 39900                                | Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 656  | 39004                                | Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 657  | 39005                                | Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 58      | 23     | 14     | 0     | 11     |
| 658  | 39100                                | Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 9       | 4      | 2      | 0     | 2      |
| 659  | 39102                                | Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 660  | 39103                                | Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 661  | 39200                                | Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 662  | 39201                                | Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 663  | 39202                                | Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 664  | 39300                                | Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 665  | 39400                                | Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 18      | 7      | 4      | 0     | 3      |
| 666  | 39500                                | Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0       | 0      | 0      | 0     | 0      |
| 667  | 39603                                | Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 668  | 39604                                | Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 669  | 39605                                | Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 670  | 39700                                | Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 40      | 16     | 9      | 0     | 7      |
| 671  | 39701                                | Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 672  | 39702                                | Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 673  | 39705                                | Communication Equip. - Telemetering          | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 674  | 39800                                | Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 231     | 91     | 55     | 2     | 43     |
| 675  | 39900                                | Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 676  | 39901                                | Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 184     | 64     | 39     | 1     | 30     |
| 677  | 39902                                | Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 678  | 39903                                | Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 679  | 39904                                | Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 680  | 39905                                | Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 681  | 39906                                | Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 682  | 39907                                | Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 63      | 25     | 15     | 0     | 12     |
| 683  | 39908                                | Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 684  | 39909                                | Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 685  | 39924                                | Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 686  |                                      |  |      |                               |         |        |        |       |        |
| 687  |                                      |  |      |                               |         |        |        |       |        |
| 688  | Total General Plant                  |  |      |                               | 620     | 243    | 146    | 5     | 114    |
| 689  |                                      |  |      |                               |         |        |        |       |        |
| 690  | Shared Services General Office:      |  |      |                               |         |        |        |       |        |

| Atrium Energy Corporation, Kentucky/Mid-States Division  |          |  |     |                               |         |        |        |       |        |
|--|----------|--|-----|-------------------------------|---------|--------|--------|-------|--------|
| Class Cost of Service - Customer/Demand Study            |          |  |     |                               |         |        |        |       |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |     |                               |         |        |        |       |        |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |  |     |                               |         |        |        |       |        |
| 691  |          |  |     |                               |         |        |        |       |        |
| 692  | General: |  |     |                               |         |        |        |       |        |
| 693  |          |  |     |                               |         |        |        |       |        |
| 694  | 37400    | Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 695  | 39000    | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 123     | 48     | 29     | 1     | 23     |
| 696  | 39002    | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 697  | 37503    | Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 698  | 39004    | Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 699  | 39009    | Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 254     | 100    | 60     | 2     | 47     |
| 700  | 39100    | Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 361     | 141    | 65     | 3     | 67     |
| 701  | 39102    | Remittance Processing Equip                  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 702  | 39103    | Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 703  | 39200    | Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 1       | 0      | 0      | 0     | 0      |
| 704  | 39201    | Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 705  | 39202    | Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 706  | 39300    | Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 707  | 39400    | Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 111     | 43     | 25     | 1     | 20     |
| 708  | 39600    | Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 2       | 1      | 0      | 0     | 0      |
| 709  | 39603    | Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 710  | 39604    | Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 711  | 39605    | Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 712  | 39700    | Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 121     | 47     | 28     | 1     | 22     |
| 713  | 39701    | Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 714  | 39702    | Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 715  | 39705    | Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 716  | 39800    | Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 24      | 9      | 6      | 0     | 4      |
| 717  | 39900    | Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 16      | 7      | 4      | 0     | 3      |
| 718  | 39901    | Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 2,413   | 945    | 570    | 18    | 445    |
| 719  | 39902    | Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 1,397   | 547    | 330    | 10    | 258    |
| 720  | 39903    | Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 192     | 75     | 45     | 1     | 35     |
| 721  | 39904    | Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 722  | 39905    | Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 723  | 39906    | Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 195     | 76     | 45     | 1     | 39     |
| 724  | 39907    | Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 37      | 14     | 9      | 0     | 7      |
| 725  | 39908    | Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 6,487   | 2,540  | 1,531  | 48    | 1,197  |
| 726  | 39909    | Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 727  | 39924    | Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 728  |          |  |     |                               |         |        |        |       |        |
| 729  |          |  |     |                               |         |        |        |       |        |
| 730  |          | Total General Plant                          |     |                               | 11,735  | 4,594  | 2,770  | 87    | 2,165  |
| 731  |          |  |     |                               |         |        |        |       |        |
| 732  |          | Shared Services Customer Support             |     |                               |         |        |        |       |        |
| 733  |          |  |     |                               |         |        |        |       |        |
| 734  | General: |  |     |                               |         |        |        |       |        |
| 735  |          |  |     |                               |         |        |        |       |        |
| 736  | 37400    | Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 737  | 39001    | Structures Frame                             | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 738  | 39602    | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 388     | 152    | 92     | 3     | 72     |
| 739  | 37503    | Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 740  | 39004    | Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 741  | 39009    | Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 123     | 48     | 29     | 1     | 23     |
| 742  | 39100    | Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 80      | 31     | 19     | 1     | 15     |
| 743  | 39102    | Remittance Processing Equip                  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 744  | 39103    | Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 745  | 39200    | Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 746  | 39201    | Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 747  | 39202    | Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 748  | 39300    | Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 749  | 39400    | Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 750  | 39600    | Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 751  | 39603    | Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 752  | 39604    | Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 753  | 39605    | Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 754  | 39700    | Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 104     | 41     | 24     | 1     | 19     |
| 755  | 39701    | Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 756  | 39702    | Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 757  | 39705    | Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 758  | 39800    | Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 3       | 1      | 1      | 0     | 1      |
| 759  | 39900    | Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 74      | 29     | 16     | 1     | 14     |
| 760  | 39901    | Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 665     | 269    | 162    | 5     | 126    |
| 761  | 39902    | Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 144     | 56     | 34     | 1     | 27     |
| 762  | 39903    | Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 39      | 15     | 9      | 0     | 7      |
| 763  | 39904    | Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 764  | 39905    | Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 765  | 39906    | Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 97      | 38     | 23     | 1     | 18     |
| 766  | 39907    | Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 12      | 5      | 3      | 0     | 2      |
| 767  | 39908    | Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 6,482   | 2,530  | 1,525  | 46    | 1,192  |
| 768  | 39909    | Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 769  | 39924    | Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |
| 770  |          |  |     |                               |         |        |        |       |        |
| 771  |          |  |     |                               |         |        |        |       |        |
| 772  |          | Total General Plant                          |     |                               | 9,211   | 3,215  | 1,938  | 61    | 1,515  |
| 773  |          |  |     |                               |         |        |        |       |        |
| 774  |          | TOTAL DEPRECIATION EXPENSE - COMMODITY       |     |                               | 194,667 | 72,301 | 43,569 | 1,372 | 34,068 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |          |                   |                                     |               |                   |                    |                             |                |                         |
|--|----------|-------------------|-------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |          |                   |                                     |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |                   |                                     |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |                   |                                     |               |                   |                    |                             |                |                         |
| Total Depreciation Expense                               |          |                   |                                     |               |                   |                    |                             |                |                         |
| Line No.   | Acct No. | Allocation Factor | Allocation Basis                    | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Intermittible | Transport Firm | Transport Intermittible |
| 775  |          |                   | Intangible Plant                    |               |                   |                    |                             |                |                         |
| 776  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 777  | 30100    |                   | Organization                        | 0             |                   |                    |                             |                |                         |
| 778  | 30200    |                   | Franchises & Consents               | 0             |                   |                    |                             |                |                         |
| 779  | 30300    |                   | Misc Intangible Plant               | 0             |                   |                    |                             |                |                         |
| 780  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 781  |          |                   | Total Intangible Plant              | 0             |                   |                    |                             |                |                         |
| 782  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 783  |          |                   | Production Plant                    |               |                   |                    |                             |                |                         |
| 784  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 785  | 32520    |                   | Producing Leaseholds                | 0             |                   |                    |                             |                |                         |
| 786  | 32540    |                   | Rights of Ways                      | 0             |                   |                    |                             |                |                         |
| 787  | 33100    |                   | Production Gas Wells Equipment      | 0             |                   |                    |                             |                |                         |
| 788  | 33201    |                   | Field Lines                         | 0             |                   |                    |                             |                |                         |
| 789  | 33202    |                   | Tributary Lines                     | 0             |                   |                    |                             |                |                         |
| 790  | 33400    |                   | Field Meas. & Reg. Sta. Equip       | 0             |                   |                    |                             |                |                         |
| 791  | 33600    |                   | Purification Equipment              | 0             |                   |                    |                             |                |                         |
| 792  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 793  |          |                   | Total Production Plant              | 0             |                   |                    |                             |                |                         |
| 794  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 795  |          |                   | Storage Plant                       |               |                   |                    |                             |                |                         |
| 796  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 797  | 35010    |                   | Land                                | 0             |                   |                    |                             |                |                         |
| 798  | 35020    |                   | Rights of Way                       | 0             |                   |                    |                             |                |                         |
| 799  | 35100    |                   | Structures and Improvements         | 289           | 139               | 80                 | 1                           | 51             | 27                      |
| 800  | 35102    |                   | Compression Station Equipment       | 1,931         | 999               | 919                | 7                           | 331            | 174                     |
| 801  | 35103    |                   | Meas. & Reg. Sta. Structures        | 213           | 93                | 57                 | 1                           | 37             | 19                      |
| 802  | 35104    |                   | Other Structures                    | 1,787         | 832               | 480                | 7                           | 307            | 161                     |
| 803  | 35200    |                   | Wells & Rights of Way               | 176,778       | 82,340            | 47,499             | 657                         | 30,325         | 15,956                  |
| 804  | 35201    |                   | Well Construction                   | 25,670        | 11,957            | 6,897              | 85                          | 4,404          | 2,317                   |
| 805  | 35202    |                   | Well Equipment                      | 3,897         | 1,801             | 1,039              | 14                          | 663            | 349                     |
| 806  | 35203    |                   | Cushion Gas                         | 30,507        | 14,210            | 8,197              | 113                         | 5,233          | 2,754                   |
| 807  | 35210    |                   | Leaseholds                          | 625           | 291               | 168                | 2                           | 107            | 56                      |
| 808  | 35211    |                   | Storage Rights                      | 481           | 224               | 128                | 2                           | 82             | 43                      |
| 809  | 35301    |                   | Field Lines                         | 1,449         | 673               | 388                | 5                           | 248            | 131                     |
| 810  | 35302    |                   | Tributary Lines                     | 0             |                   |                    |                             |                |                         |
| 811  | 35400    |                   | Compressor Station Equipment        | 16,622        | 7,742             | 4,466              | 82                          | 2,851          | 1,500                   |
| 812  | 35500    |                   | Meas. & Reg. Equipment              | 1,229         | 672               | 330                | 5                           | 211            | 111                     |
| 813  | 35600    |                   | Purification Equipment              | 8,501         | 3,959             | 2,284              | 32                          | 1,458          | 767                     |
| 814  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 815  |          |                   | Total Storage Plant                 | 269,954       | 126,740           | 72,535             | 1,003                       | 46,309         | 24,367                  |
| 816  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 817  |          |                   | Transmission                        |               |                   |                    |                             |                |                         |
| 818  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 819  | 36510    |                   | Land & Land Rights                  | 0             |                   |                    |                             |                |                         |
| 820  | 36520    |                   | Rights of Way                       | 11,541        | 6,233             | 3,478              | -                           | 1,831          | -                       |
| 821  | 36602    |                   | Structures & Improvements           | 872           | 471               | 263                | -                           | 138            | -                       |
| 822  | 36603    |                   | Other Structures                    | 1,083         | 585               | 326                | -                           | 172            | -                       |
| 823  | 36700    |                   | Mains Cathodic Protection           | 9,275         | 5,009             | 2,795              | -                           | 1,471          | -                       |
| 824  | 36701    |                   | Mains - Steel                       | 524,702       | 283,365           | 158,117            | -                           | 83,220         | -                       |
| 825  | 36900    |                   | Meas. & Reg. Equipment              | 13,181        | 7,108             | 3,966              | -                           | 2,087          | -                       |
| 826  | 36901    |                   | Meas. & Reg. Equipment              | 48,575        | 26,233            | 14,638             | -                           | 7,704          | -                       |
| 827  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 828  |          |                   | Total Transmission Plant            | 600,211       | 329,004           | 183,593            |                             | 96,624         |                         |
| 829  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 830  |          |                   | Distribution                        |               |                   |                    |                             |                |                         |
| 831  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 832  | 37400    |                   | Land & Land Rights                  | 0             |                   |                    |                             |                |                         |
| 833  | 37401    |                   | Land                                | 0             |                   |                    |                             |                |                         |
| 834  | 37402    |                   | Land Rights                         | 22,037        | 15,737            | 4,530              | 1                           | 1,785          | 4                       |
| 835  | 37403    |                   | Land Other                          | 0             |                   |                    |                             |                |                         |
| 836  | 37500    |                   | Structures & Improvements           | 6,925         | 4,945             | 1,424              | 0                           | 565            | 1                       |
| 837  | 37501    |                   | Structures & Improvements T.B.      | 2,056         | 1,468             | 423                | 0                           | 165            | 0                       |
| 838  | 37502    |                   | Land Rights                         | 953           | 661               | 196                | 0                           | 79             | 0                       |
| 839  | 37503    |                   | Improvements                        | 83            | 59                | 17                 | 0                           | 7              | 0                       |
| 840  | 37600    |                   | Mains Cathodic Protection           | 969,518       | 713,752           | 205,472            | 32                          | 80,061         | 201                     |
| 841  | 37601    |                   | Mains - Steel                       | 2,355,111     | 1,691,775         | 484,143            | 76                          | 188,643        | 474                     |
| 842  | 37602    |                   | Mains - Plastic                     | 2,044,395     | 1,459,894         | 420,288            | 66                          | 163,755        | 411                     |
| 843  | 37800    |                   | Meas. & Reg. Sta. Equip - General   | 218,378       | 154,914           | 44,491             | 7                           | 17,332         | 44                      |
| 844  | 37900    |                   | Meas. & Reg. Sta. Equip - City Gate | 50,589        | 34,544            | 18,561             | 3                           | 7,240          | 18                      |
| 845  | 37905    |                   | Meas. & Reg. Sta. Equipment T.B.    | 39,863        | 28,458            | 8,195              | 1                           | 3,193          | 8                       |
| 846  | 38000    |                   | Services                            | 4,112,168     | 3,060,331         | 447,022            | 266                         | 2,883          | 1,664                   |
| 847  | 38100    |                   | Meters                              | 2,897,270     | 1,731,384         | 1,078,894          | 4,785                       | 52,195         | 30,012                  |
| 848  | 38200    |                   | Meter Installations                 | 2,133,688     | 1,275,074         | 794,649            | 3,524                       | 38,439         | 22,102                  |
| 849  | 38300    |                   | House Regulators                    | 264,822       | 158,255           | 98,615             | 437                         | 4,771          | 2,743                   |
| 850  | 38400    |                   | House Reg. Installations            | 3,625         | 2,167             | 1,350              | 6                           | 65             | 38                      |
| 851  | 38500    |                   | Ind. Meas. & Reg. Sta. Equipment    | 147,374       | -                 | 145,804            | 87                          | 940            | 543                     |
| 852  | 38600    |                   | Other Prop. On Cust. Prem           | 0             |                   |                    |                             |                |                         |
| 853  |          |                   |                                     |               |                   |                    |                             |                |                         |
| 854  |          |                   | Total Distribution Plant            | 15,336,651    | 10,953,045        | 3,753,963          | 9,283                       | 562,085        | 58,265                  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |          |  |            |            |           |        |         |        |  |
|--|----------|--|------------|------------|-----------|--------|---------|--------|--|
| Class Cost of Service - Customer/Demand Study            |          |  |            |            |           |        |         |        |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |            |            |           |        |         |        |  |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |  |            |            |           |        |         |        |  |
| 856  |          |  |            |            |           |        |         |        |  |
| 856  | General: |  |            |            |           |        |         |        |  |
| 857  |          |  |            |            |           |        |         |        |  |
| 858  | 36900    | Land & Land Rights                           | 0          |            |           |        |         |        |  |
| 859  | 39000    | Structures Frame                             | 197,482    | 139,639    | 45,505    | 91     | 11,273  | 974    |  |
| 860  | 39001    | Structures & Improvements                    | 0          |            |           |        |         |        |  |
| 861  | 39002    | Improvements                                 | 6,609      | 4,693      | 1,506     | 3      | 372     | 32     |  |
| 862  | 39003    | Air Conditioning Equipment                   | 29,666     | 18,855     | 6,145     | 12     | 1,522   | 132    |  |
| 863  | 39004    | Improvement to leased Premises               | 281        | 198        | 65        | 0      | 16      | 1      |  |
| 864  | 39005    | Office Furniture & Equipment                 | 233,163    | 164,669    | 53,727    | 107    | 13,310  | 1,161  |  |
| 865  | 39100    | Remittance Processing Equip                  | 130,055    | 91,962     | 29,968    | 60     | 7,424   | 642    |  |
| 866  | 39102    | Office Machines                              | 0          |            |           |        |         |        |  |
| 867  | 39103    | Transportation Equipment                     | 0          |            |           |        |         |        |  |
| 868  | 39200    | Trucks                                       | 23,884     | 18,888     | 5,503     | 11     | 1,363   | 118    |  |
| 869  | 39201    | Trailers                                     | 1,436      | 1,015      | 351       | 1      | 82      | 7      |  |
| 870  | 39202    | Stores Equipment                             | 0          |            |           |        |         |        |  |
| 871  | 39300    | Tools, Shop & Garage Equipment               | 0          |            |           |        |         |        |  |
| 872  | 39400    | Power Operated Equipment                     | 72,746     | 51,439     | 18,763    | 33     | 4,153   | 359    |  |
| 873  | 39600    | Ditchers                                     | 0          |            |           |        |         |        |  |
| 874  | 39603    | Backhoes                                     | 184        | 130        | 42        | 0      | 11      | 1      |  |
| 875  | 39604    | Welders                                      | 244        | 173        | 56        | 0      | 14      | 1      |  |
| 876  | 39605    | Communication Equipment                      | 6,471      | 4,576      | 1,491     | 3      | 369     | 32     |  |
| 877  | 39700    | Communication Equipment - Mobile Radios      | 26,973     | 19,072     | 6,215     | 12     | 1,540   | 139    |  |
| 878  | 39701    | Communication Equipment - Fixed Radios       | 0          |            |           |        |         |        |  |
| 879  | 39702    | Communication Equip. - Telemetering          | 0          |            |           |        |         |        |  |
| 880  | 39705    | Miscellaneous Equipment                      | 0          |            |           |        |         |        |  |
| 881  | 39900    | Other Tangible Property                      | 215,121    | 152,111    | 49,589    | 96     | 12,280  | 1,062  |  |
| 882  | 39900    | Other Tangible Property - Servers - HW       | 0          |            |           |        |         |        |  |
| 883  | 39901    | Other Tangible Property - Servers - SW       | 0          |            |           |        |         |        |  |
| 884  | 39902    | Other Tangible Property - Network - HW       | 0          |            |           |        |         |        |  |
| 885  | 39903    | Other Tang. Property - CPU                   | 9,471      | 6,897      | 2,182     | 4      | 641     | 47     |  |
| 886  | 39904    | Other Tangible Property - MF - Hardware      | 0          |            |           |        |         |        |  |
| 887  | 39905    | Other Tang. Property - PC Hardware           | 0          |            |           |        |         |        |  |
| 888  | 39906    | Other Tang. Property - PC Software           | 332,069    | 234,816    | 76,522    | 162    | 18,957  | 1,639  |  |
| 889  | 39907    | Other Tang. Property - Mainframe SW          | 0          |            |           |        |         |        |  |
| 890  | 39908    | Other Tang. Property - Application Software  | 0          |            |           |        |         |        |  |
| 891  | 39909    | Other Tang. Property - General Startup Costs | 609,848    | 431,080    | 140,479   | 279    | 34,801  | 3,008  |  |
| 892  |          |  |            |            |           |        |         |        |  |
| 893  |          |  |            |            |           |        |         |        |  |
| 894  |          | Total General Plant                          | 1,892,422  | 1,338,125  | 436,064   | 898    | 108,027 | 9,338  |  |
| 895  |          | TOTAL DIRECT DEPRECIATION EXPENSE            | 18,108,237 | 12,745,915 | 4,446,144 | 11,164 | 813,044 | 91,670 |  |
| 896  |          |  |            |            |           |        |         |        |  |
| 897  |          | Kentucky Mid-States General Office:          |            |            |           |        |         |        |  |
| 898  |          |  |            |            |           |        |         |        |  |
| 899  |          |  |            |            |           |        |         |        |  |
| 900  |          | Intangible Plant:                            |            |            |           |        |         |        |  |
| 901  |          |  |            |            |           |        |         |        |  |
| 902  | 30100    | Organization                                 | 0          |            |           |        |         |        |  |
| 903  | 30200    | Franchises & Consents                        | 0          |            |           |        |         |        |  |
| 904  | 30300    | Misc Intangible Plant                        | 0          |            |           |        |         |        |  |
| 905  |          |  |            |            |           |        |         |        |  |
| 906  |          | Total Intangible Plant                       | 0          |            |           |        |         |        |  |
| 907  |          |  |            |            |           |        |         |        |  |
| 908  |          | General:                                     |            |            |           |        |         |        |  |
| 909  |          |  |            |            |           |        |         |        |  |
| 910  | 37400    | Land & Land Rights                           | 0          |            |           |        |         |        |  |
| 911  | 39001    | Structures Frame                             | 2,359      | 1,669      | 544       | 1      | 135     | 12     |  |
| 912  | 39602    | Structures & Improvements                    | 0          |            |           |        |         |        |  |
| 913  | 39900    | Land & Land Rights                           | 0          |            |           |        |         |        |  |
| 914  | 39004    | Air Conditioning Equipment                   | 0          |            |           |        |         |        |  |
| 915  | 39000    | Improvement to leased Premises               | 3,760      | 2,658      | 866       | 2      | 215     | 19     |  |
| 916  | 39100    | Office Furniture & Equipment                 | 811        | 432        | 141       | 0      | 35      | 3      |  |
| 917  | 39102    | Remittance Processing Equip                  | 0          |            |           |        |         |        |  |
| 918  | 39103    | Office Machines                              | 0          |            |           |        |         |        |  |
| 919  | 39200    | Transportation Equipment                     | 0          |            |           |        |         |        |  |
| 920  | 39201    | Trucks                                       | 0          |            |           |        |         |        |  |
| 921  | 39202    | Trailers                                     | 0          |            |           |        |         |        |  |
| 922  | 39300    | Stores Equipment                             | 0          |            |           |        |         |        |  |
| 923  | 39400    | Tools, Shop & Garage Equipment               | 1,192      | 843        | 275       | 1      | 89      | 6      |  |
| 924  | 39600    | Power Operated Equipment                     | 5          | 3          | 1         | 0      | 0       | 0      |  |
| 925  | 39603    | Ditchers                                     | 0          |            |           |        |         |        |  |
| 926  | 39604    | Backhoes                                     | 0          |            |           |        |         |        |  |
| 927  | 39605    | Welders                                      | 0          |            |           |        |         |        |  |
| 928  | 39700    | Communication Equipment                      | 2,600      | 1,839      | 599       | 1      | 148     | 13     |  |
| 929  | 39701    | Communication Equipment - Mobile Radios      | 0          |            |           |        |         |        |  |
| 930  | 39702    | Communication Equipment - Fixed Radios       | 0          |            |           |        |         |        |  |
| 931  | 39705    | Communication Equip. - Telemetering          | 0          |            |           |        |         |        |  |
| 932  | 39900    | Miscellaneous Equipment                      | 16,029     | 10,629     | 3,463     | 7      | 859     | 74     |  |
| 933  | 39900    | Other Tangible Property                      | 0          |            |           |        |         |        |  |
| 934  | 39901    | Other Tangible Property - Servers - HW       | 10,645     | 7,527      | 2,453     | 5      | 609     | 53     |  |
| 935  | 39902    | Other Tangible Property - Servers - SW       | 0          |            |           |        |         |        |  |
| 936  | 39903    | Other Tangible Property - Network - HW       | 0          |            |           |        |         |        |  |
| 937  | 39904    | Other Tang. Property - CPU                   | 0          |            |           |        |         |        |  |
| 938  | 39905    | Other Tangible Property - MF - Hardware      | 0          |            |           |        |         |        |  |
| 939  | 39906    | Other Tang. Property - PC Hardware           | 0          |            |           |        |         |        |  |
| 940  | 39907    | Other Tang. Property - PC Software           | 4,084      | 2,868      | 941       | 2      | 233     | 20     |  |
| 941  | 39908    | Other Tang. Property - Mainframe SW          | 0          |            |           |        |         |        |  |
| 942  | 39909    | Other Tang. Property - Application Software  | 0          |            |           |        |         |        |  |
| 943  | 39924    | Other Tang. Property - General Startup Costs | 0          |            |           |        |         |        |  |
| 944  |          |  |            |            |           |        |         |        |  |
| 945  |          |  |            |            |           |        |         |        |  |
| 946  |          | Total General Plant                          | 40,284     | 28,494     | 9,262     | 16     | 2,300   | 199    |  |
| 947  |          |  |            |            |           |        |         |        |  |
| 948  |          | Shared Services General Office:              |            |            |           |        |         |        |  |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |       |  |            |            |           |        |         |        |  |
|--|-------|--|------------|------------|-----------|--------|---------|--------|--|
| Class Cost of Service - Customer/Demand Study            |       |  |            |            |           |        |         |        |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |            |            |           |        |         |        |  |
| ALLOCATION OF DEPRECIATION EXPENSE                       |       |  |            |            |           |        |         |        |  |
| 949  |       |  |            |            |           |        |         |        |  |
| 950  |       | General:                                     |            |            |           |        |         |        |  |
| 951  |       |  |            |            |           |        |         |        |  |
| 952  | 37400 | Land & Land Rights                           | 0          |            |           |        |         |        |  |
| 953  | 39000 | Structures & Improvements                    | 7,993      | 5,631      | 1,839     | 4      | 455     | 39     |  |
| 954  | 39602 | Structures & Improvements                    | 0          |            |           |        |         |        |  |
| 955  | 37503 | Improvements                                 | 0          |            |           |        |         |        |  |
| 956  | 39004 | Air Conditioning Equipment                   | 0          |            |           |        |         |        |  |
| 957  | 39003 | Improvement to leased Premises               | 16,532     | 11,690     | 3,809     | 8      | 944     | 82     |  |
| 958  | 39100 | Office Furniture & Equipment                 | 23,439     | 16,574     | 5,401     | 11     | 1,338   | 116    |  |
| 959  | 39102 | Remittance Processing Equip                  | 0          |            |           |        |         |        |  |
| 960  | 39103 | Office Machines                              | 0          |            |           |        |         |        |  |
| 961  | 39200 | Transportation Equipment                     | 38         | 27         | 9         | 0      | 2       | 0      |  |
| 962  | 39201 | Trucks                                       | 0          |            |           |        |         |        |  |
| 963  | 39202 | Trailers                                     | 0          |            |           |        |         |        |  |
| 964  | 39300 | Stores Equipment                             | 0          |            |           |        |         |        |  |
| 965  | 39400 | Tools, Shop & Garage Equipment               | 7,193      | 5,088      | 1,857     | 3      | 411     | 35     |  |
| 968  | 39500 | Power Operated Equipment                     | 125        | 88         | 29        | 0      | 7       | 1      |  |
| 967  | 39603 | Ditchers                                     | 0          |            |           |        |         |        |  |
| 968  | 39604 | Backhoes                                     | 0          |            |           |        |         |        |  |
| 969  | 39605 | Welders                                      | 0          |            |           |        |         |        |  |
| 970  | 39700 | Communication Equipment                      | 7,842      | 5,545      | 1,807     | 4      | 448     | 39     |  |
| 971  | 39701 | Communication Equipment - Mobile Radios      | 0          |            |           |        |         |        |  |
| 972  | 39702 | Communication Equipment - Fixed Radios       | 0          |            |           |        |         |        |  |
| 973  | 39705 | Communication Equip. - Telemetering          | 0          |            |           |        |         |        |  |
| 974  | 39800 | Miscellaneous Equipment                      | 1,534      | 1,085      | 354       | 1      | 88      | 8      |  |
| 975  | 39900 | Other Tangible Property                      | 1,154      | 818        | 268       | 1      | 65      | 6      |  |
| 976  | 39901 | Other Tangible Property - Servers - HW       | 156,769    | 110,872    | 36,131    | 72     | 8,951   | 774    |  |
| 977  | 39902 | Other Tangible Property - Servers - SW       | 90,772     | 64,185     | 20,916    | 42     | 5,182   | 448    |  |
| 978  | 39903 | Other Tangible Property - Network - HW       | 12,500     | 8,839      | 2,880     | 6      | 714     | 62     |  |
| 979  | 39904 | Other Tang. Property - CPU                   | 0          |            |           |        |         |        |  |
| 980  | 39905 | Other Tangible Property - MF - Hardware      | 0          |            |           |        |         |        |  |
| 981  | 39906 | Other Tang. Property - PC Hardware           | 12,879     | 8,965      | 2,922     | 6      | 724     | 63     |  |
| 982  | 39907 | Other Tang. Property - PC Software           | 2,392      | 1,691      | 351       | 1      | 137     | 12     |  |
| 983  | 39908 | Other Tang. Property - Mainframe SW          | 421,498    | 288,040    | 97,124    | 193    | 24,061  | 2,080  |  |
| 984  | 39909 | Other Tang. Property - Application Software  | 0          |            |           |        |         |        |  |
| 985  | 39924 | Other Tang. Property - General Startup Costs | 0          |            |           |        |         |        |  |
| 986  |       |  |            |            |           |        |         |        |  |
| 987  |       |  |            |            |           |        |         |        |  |
| 988  |       | Total General Plant                          | 762,460    | 538,139    | 175,691   | 350    | 43,524  | 3,762  |  |
| 989  |       |  |            |            |           |        |         |        |  |
| 990  |       | Shared Services Customer Support:            |            |            |           |        |         |        |  |
| 991  |       | General:                                     |            |            |           |        |         |        |  |
| 992  |       |  |            |            |           |        |         |        |  |
| 993  |       |  |            |            |           |        |         |        |  |
| 994  | 37400 | Land & Land Rights                           | 0          |            |           |        |         |        |  |
| 995  | 39001 | Structures Frame                             | 0          |            |           |        |         |        |  |
| 996  | 39602 | Structures & Improvements                    | 25,216     | 17,830     | 5,810     | 12     | 1,439   | 124    |  |
| 997  | 37503 | Improvements                                 | 0          |            |           |        |         |        |  |
| 998  | 39004 | Air Conditioning Equipment                   | 0          |            |           |        |         |        |  |
| 999  | 39009 | Improvement to leased Premises               | 0          |            |           |        |         |        |  |
| 1000   | 39100 | Office Furniture & Equipment                 | 7,980      | 5,643      | 1,839     | 4      | 456     | 39     |  |
| 1001   | 39102 | Remittance Processing Equip                  | 5,196      | 3,674      | 1,197     | 2      | 297     | 26     |  |
| 1002   | 39103 | Office Machines                              | 0          |            |           |        |         |        |  |
| 1003   | 39200 | Transportation Equipment                     | 0          |            |           |        |         |        |  |
| 1004   | 39201 | Trucks                                       | 0          |            |           |        |         |        |  |
| 1005   | 39202 | Trailers                                     | 0          |            |           |        |         |        |  |
| 1006   | 39300 | Stores Equipment                             | 0          |            |           |        |         |        |  |
| 1007   | 39400 | Tools, Shop & Garage Equipment               | 0          |            |           |        |         |        |  |
| 1008   | 39500 | Power Operated Equipment                     | 0          |            |           |        |         |        |  |
| 1009   | 39603 | Ditchers                                     | 0          |            |           |        |         |        |  |
| 1010   | 39604 | Backhoes                                     | 0          |            |           |        |         |        |  |
| 1011   | 39605 | Welders                                      | 0          |            |           |        |         |        |  |
| 1012   | 39700 | Communication Equipment                      | 6,731      | 4,760      | 1,551     | 3      | 384     | 33     |  |
| 1013   | 39701 | Communication Equipment - Mobile Radios      | 0          |            |           |        |         |        |  |
| 1014   | 39702 | Communication Equipment - Fixed Radios       | 0          |            |           |        |         |        |  |
| 1015   | 39705 | Communication Equip. - Telemetering          | 0          |            |           |        |         |        |  |
| 1016   | 39800 | Miscellaneous Equipment                      | 166        | 131        | 43        | 0      | 11      | 1      |  |
| 1017   | 39900 | Other Tangible Property                      | 4,824      | 3,411      | 1,112     | 2      | 275     | 24     |  |
| 1018   | 39901 | Other Tangible Property - Servers - HW       | 44,466     | 31,458     | 10,251    | 20     | 2,539   | 220    |  |
| 1019   | 39902 | Other Tangible Property - Servers - SW       | 9,370      | 6,625      | 2,159     | 4      | 535     | 46     |  |
| 1020   | 39903 | Other Tangible Property - Network - HW       | 2,533      | 1,791      | 584       | 1      | 145     | 12     |  |
| 1021   | 39904 | Other Tang. Property - CPU                   | 0          |            |           |        |         |        |  |
| 1022   | 39905 | Other Tangible Property - MF - Hardware      | 0          |            |           |        |         |        |  |
| 1023   | 39906 | Other Tang. Property - PC Hardware           | 8,301      | 4,455      | 1,452     | 3      | 360     | 31     |  |
| 1024   | 39907 | Other Tang. Property - PC Software           | 780        | 552        | 180       | 0      | 45      | 4      |  |
| 1025   | 39908 | Other Tang. Property - Mainframe SW          | 419,883    | 286,898    | 96,752    | 192    | 23,969  | 2,072  |  |
| 1026   | 39909 | Other Tang. Property - Application Software  | 0          |            |           |        |         |        |  |
| 1027   | 39924 | Other Tang. Property - General Startup Costs | 0          |            |           |        |         |        |  |
| 1028   |       |  |            |            |           |        |         |        |  |
| 1029   |       |  |            |            |           |        |         |        |  |
| 1030   |       | Total General Plant                          | 533,465    | 377,226    | 122,929   | 245    | 30,453  | 2,632  |  |
| 1031   |       |  |            |            |           |        |         |        |  |
| 1032   |       | TOTAL DEPRECIATION EXPENSE                   | 19,444,466 | 13,690,758 | 4,754,047 | 11,776 | 689,321 | 59,584 |  |

| Altos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                               |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study                          |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Customer   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  | Taxes Other Than Income              |                   |                               |               |                   |                    |                             |                |                         |
| 2  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 3  | Non Revenue Related:                 |                   |                               |               |                   |                    |                             |                |                         |
| 4  | Payroll Related                      | 7.2               | Allocated O&M Expenses - Cust | 133,409       | 110,456           | 22,062             | 49                          | 534            | 307                     |
| 5  | Property Related                     | 6.2               | P, S, T & D Plant - Customer  | 3,320,073     | 2,636,853         | 652,091            | 1,715                       | 18,670         | 10,745                  |
| 6  | DOT transmission User Tax            | 7.2               | Allocated O&M Expenses - Cust | 11,579        | 9,587             | 1,915              | 4                           | 46             | 27                      |
| 7  | Other                                | 7.2               | Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |
| 8  | Total Non Revenue Related:           |                   |                               | 3,465,060     | 2,756,895         | 676,059            | 1,768                       | 19,260         | 11,079                  |
| 9  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 10   | Revenue Related:                     |                   |                               |               |                   |                    |                             |                |                         |
| 11   | State Gross Receipts - Tax           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 12   | Local Gross Receipts - Tax           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 13   | Public Service Commission Assessment | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 14   | Total Revenue Related:               |                   |                               | 0             |                   |                    |                             |                |                         |
| 15   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 16   | Total Taxes, Other Than Income       |                   |                               | 3,465,060     | 2,756,895         | 676,059            | 1,768                       | 19,260         | 11,079                  |
| 17   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 18   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 19   | Interest Expense                     | 19.2              | Rate Base - Cust              | 4,948,372     | 4,006,347         | 901,732            | 2,219                       | 24,170         | 13,904                  |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                                 |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|---------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study                          |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Demand   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis                | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 20   | Taxes Other Than Income              |                   |                                 |               |                   |                    |                             |                |                         |
| 21   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 22   | Non Revenue Related:                 |                   |                                 |               |                   |                    |                             |                |                         |
| 23   | Payroll Related                      | 7.4               | Allocated O&M Expenses - Demand | 43,850        | 23,681            | 13,214             | -                           | 6,955          | -                       |
| 24   | Property Related                     | 6.4               | P, S, T & D Plant - Demand      | 1,586,591     | 856,837           | 478,112            | -                           | 251,641        | -                       |
| 25   | DOT transmission User Tax            | 7.4               | Allocated O&M Expenses - Demand | 3,806         | 2,055             | 1,147              | -                           | 604            | -                       |
| 26   | Other                                | 7.4               | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       |
| 27   | Total Non Revenue Related:           |                   |                                 | 1,634,247     | 882,574           | 492,473            | 0                           | 259,200        | 0                       |
| 28   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 29   | Revenue Related:                     |                   |                                 |               |                   |                    |                             |                |                         |
| 30   | State Gross Receipts - Tax           | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 31   | Local Gross Receipts - Tax           | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 32   | Public Service Commission Assessment | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 33   | Total Revenue Related:               |                   |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 34   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 35   | Total Taxes, Other Than Income       |                   |                                 | 1,634,247     | 882,574           | 492,473            | -                           | 259,200        | -                       |
| 36   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 37   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 38   | Interest Expense                     | 19.4              | Rate Base - Demand              | 2,450,258     | 1,323,260         | 738,375            | -                           | 388,623        | -                       |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                               |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study                          |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Commodity  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 39   | Taxes Other Than Income              |                   |                               |               |                   |                    |                             |                |                         |
| 40   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 41   | Non Revenue Related:                 |                   |                               |               |                   |                    |                             |                |                         |
| 42   | Payroll Related                      | 7.6               | Allocated O&M Expenses - Comm | 558,638       | 332,186           | 218,166            | 7,855                       | 294            | 295                     |
| 43   | Property Related                     | 6.6               | P, S, T & D Plant - Commodity | 76,696        | 30,028            | 18,103             | 570                         | 14,149         | 13,846                  |
| 44   | DOT Transmission User Tax            | 7.6               | Allocated O&M Expenses - Comm | 48,485        | 28,831            | 18,935             | 668                         | 26             | 26                      |
| 45   | Other                                | 7.6               | Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 46   | Total Non Revenue Related:           |                   |                               | 683,817       | 391,045           | 255,205            | 8,933                       | 14,469         | 14,166                  |
| 47   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 48   | Revenue Related:                     |                   |                               |               |                   |                    |                             |                |                         |
| 49   | State Gross Receipts - Tax           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 50   | Local Gross Receipts - Tax           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 51   | Public Service Commission Assessment | 1.0               | Mcf                           | 317,096       | 99,730            | 65,447             | 3,172                       | 71,128         | 77,620                  |
| 52   | Total Revenue Related:               |                   |                               | 317,096       | 99,730            | 65,447             | 3,172                       | 71,128         | 77,620                  |
| 53   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 54   | Total Taxes, Other Than Income       |                   |                               | 1,000,912     | 490,775           | 320,652            | 12,105                      | 65,695         | 91,786                  |
| 55   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 56   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 57   | Interest Expense                     | 19.6              | Rate Base - Comm              | 359,103       | 149,487           | 95,689             | 3,665                       | 53,889         | 66,373                  |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                  |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study                          |                                      |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                  |               |                   |                    |                             |                |                         |
| Total Taxes Other  |                                      |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 59   | Taxes Other Than Income              |                   |                  |               |                   |                    |                             |                |                         |
| 60   | Non Revenue Related:                 |                   |                  |               |                   |                    |                             |                |                         |
| 61   | Payroll Related                      |                   |                  | 735,895       | 466,323           | 253,443            | 7,741                       | 7,783          | 602                     |
| 62   | Property Related                     |                   |                  | 4,883,360     | 3,523,719         | 1,148,297          | 2,284                       | 284,470        | 24,590                  |
| 63   | DOT transmission User Tax            |                   |                  | 83,870        | 40,473            | 21,997             | 672                         | 675            | 52                      |
| 64   | Other                                |                   |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 65   | Total Non Revenue Related:           |                   |                  | 5,763,125     | 4,030,514         | 1,423,737          | 10,701                      | 292,928        | 25,245                  |
| 66   | Revenue Related:                     |                   |                  |               |                   |                    |                             |                |                         |
| 68   | State Gross Receipts - Tax           |                   |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 69   | Local Gross Receipts - Tax           |                   |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 70   | Public Service Commission Assessment |                   |                  | 317,096       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 71   | Total Revenue Related:               |                   |                  | 317,096       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 72   |                                      |                   |                  |               |                   |                    |                             |                |                         |
| 73   | Total Taxes, Other Than Income       |                   |                  | 6,100,220     | 4,130,245         | 1,489,184          | 13,873                      | 364,054        | 102,865                 |
| 74   |                                      |                   |                  |               |                   |                    |                             |                |                         |
| 75   |                                      |                   |                  |               |                   |                    |                             |                |                         |
| 76   | Interest Expense                     |                   |                  | 7,757,734     | 5,479,095         | 1,735,796          | 5,884                       | 466,682        | 70,278                  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                             |                                    |                  |               |                   |                    |                             |                |                         |
|--|-----------------------------|------------------------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |                             |                                    |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                             |                                    |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF REVENUES                                   |                             |                                    |                  |               |                   |                    |                             |                |                         |
| Total Revenues   |                             |                                    |                  |               |                   |                    |                             |                |                         |
| Line No.   |                             | Allocation Factor                  | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  | Rate Schedule Revenues:     |                                    |                  |               |                   |                    |                             |                |                         |
| 2  |                             |                                    |                  |               |                   |                    |                             |                |                         |
| 3  | Base Revenues               | Input                              |                  | 82,773,705    | 48,574,306        | 19,489,661         | 313,469                     | 7,691,062      | 6,705,206               |
| 4  | Base Revenue Increase       | Input                              |                  | 0             |                   |                    |                             |                |                         |
| 5  | Gas Costs                   |                                    | 1.2: Sales Mcf   | 79,378,177    | 47,248,724        | 31,034,768         | 1,094,685                   |                |                         |
| 6  | Rider FF and Rider Tax      | Input                              |                  | 0             |                   |                    |                             |                |                         |
| 7  |                             |                                    |                  |               |                   |                    |                             |                |                         |
| 8  | Total Rate Schedule Revenue |                                    |                  | 162,151,882   | 95,823,030        | 50,524,429         | 1,408,155                   | 7,691,062      | 6,705,206               |
| 9  |                             |                                    |                  |               |                   |                    |                             |                |                         |
| 10   | Other Revenues:             |                                    |                  |               |                   |                    |                             |                |                         |
| 11   |                             |                                    |                  |               |                   |                    |                             |                |                         |
| 12   | Forfeited Discounts         | 18.6: Total Rate Schedule Revenues |                  | 1,140,687     | 674,203           | 355,466            | 9,908                       | 54,114         | 47,177                  |
| 13   | Misc. Service Revenues      | 18.6: Total Rate Schedule Revenues |                  | 795,825       | 470,290           | 247,969            | 6,911                       | 37,747         | 32,908                  |
| 14   | NTB                         | 18.2: Base Revenues                |                  | (9)           | (2)               | (1)                | (0)                         | (0)            | (0)                     |
| 15   | Other Gas Revenue           | 18.2: Base Revenues                |                  | 2,716,065     | 1,593,675         | 630,517            | 10,286                      | 252,368        | 220,019                 |
| 16   |                             |                                    |                  |               |                   |                    |                             |                |                         |
| 17   | Total Non-Rate Revenue      |                                    |                  | 4,652,774     | 2,738,366         | 1,242,971          | 27,105                      | 344,229        | 300,104                 |
| 18   |                             |                                    |                  |               |                   |                    |                             |                |                         |
| 19   | TOTAL REVENUE               |                                    |                  | 168,804,655   | 98,561,396        | 51,767,399         | 1,435,260                   | 8,035,290      | 7,005,311               |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |        |                  |             |             |            |
|--|---|--------|------------------|-------------|-------------|------------|
| Class Cost of Service - Customer/Demand Study            |   |        |                  |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |        |                  |             |             |            |
| CLASSIFICATION FACTORS                                   |   |        |                  |             |             |            |
|  |   |        | Total<br>Company | Customer    | Demand      | Commodity  |
|  | Input   | Values | 1                | 1           | 0           | 0          |
| 1.0  | Customer  | %      | 100.0000%        | 100.0000%   | 0.0000%     | 0.0000%    |
|  | Input   | Values | 1                | 0           | 1           | 0          |
| 2.0  | Demand  | %      | 100.0000%        | 0.0000%     | 100.0000%   | 0.0000%    |
|  | Input   | Values | 1                | 0           | 0           | 1          |
| 3.0  | Commodity   | %      | 100.0000%        | 0.0000%     | 0.0000%     | 100.0000%  |
|  | Input   | Values | 100              | 0           | 50          | 50         |
| 3.5  | Storage (50/50)                                       | %      | 100.0000%        | 0.0000%     | 50.0000%    | 50.0000%   |
|  | Input   | Values | 87,962,005       | 43,732,328  | 44,229,677  | 0          |
| 4.0  | Mains (Zero Intercept)                                | %      | 100.0000%        | 49.7173%    | 50.2827%    | 0.0000%    |
|  | Internally Generated                                  | Values | 254,117,599      | 165,051,380 | 89,066,219  | 0          |
| 4.1  | Mains & Services                                      | %      | 100.0000%        | 64.9508%    | 35.0492%    | 0.0000%    |
|  | Internally Generated                                  | Values | 510,183,156      | 339,900,256 | 162,430,984 | 7,851,916  |
| 5.4  | P, S, T & D Plant                                     | %      | 100.0000%        | 66.6232%    | 31.8378%    | 1.5390%    |
|  | Internally Generated                                  | Values | 387,713,350      | 255,829,267 | 125,836,261 | 6,047,823  |
| 5.7  | Net Plant   | %      | 100.0000%        | 65.9841%    | 32.4560%    | 1.5599%    |
|  | Internally Generated                                  | Values | 104,852,766      | 19,008,499  | 6,247,947   | 79,596,320 |
| 9.1  | Allocated O&M Expenses                                | %      | 100.0000%        | 18.1288%    | 5.9588%     | 75.9125%   |
|  | Internally Generated                                  | Values | 5,303,837        | 3,708,992   | 1,583,316   | 11,530     |
| 10.0   | Composite of Accts. 871-879 & 886-893                 | %      | 100.0000%        | 69.9303%    | 29.8523%    | 0.2174%    |
|  | Internally Generated                                  | Values | 187,848,282      | 93,393,082  | 94,455,200  | -          |
| 12.0   | Composite of Accts. 374-379                           | %      | 100.0000%        | 49.7173%    | 50.2827%    | 0.0000%    |
|  | Internally Generated                                  | Values | 335,832,639      | 214,215,257 | 106,071,789 | 15,545,593 |
| 13.0   | Rate Base   | %      | 100.0000%        | 63.7863%    | 31.5847%    | 4.6290%    |
|  | Internally Generated                                  | Values | 8,877,211        | 6,753,404   | 2,108,347   | 15,461     |
| 17.0   | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | %      | 100.0000%        | 76.0757%    | 23.7501%    | 0.1742%    |
|  |   | Values | 0                | 0           | 0           | 0          |
| 99.0   | -   | %      | 0.0000%          | 0.0000%     | 0.0000%     | 0.0000%    |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |         |                          |                         |                         |                             |                        |                         |
|--|---|---------|--------------------------|-------------------------|-------------------------|-----------------------------|------------------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |   |         |                          |                         |                         |                             |                        |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |         |                          |                         |                         |                             |                        |                         |
| ALLOCATION FACTORS                                       |   |         |                          |                         |                         |                             |                        |                         |
|  |   |         | Total Company            | Residential Sales       | Non-Res Sales Firm      | Non-Res Sales Interruptible | Transport Firm         | Transport Interruptible |
| 1.0  | Input Mcf   | Value % | 32,865,246<br>100.0000%  | 10,336,507<br>31.4512%  | 6,783,219<br>20.6395%   | 328,781<br>1.0004%          | 7,371,899<br>22.4306%  | 8,044,870<br>24.4784%   |
| 1.2  | Input Sales Mcf   | Value % | 17,448,506<br>100.0000%  | 10,336,507<br>59.2401%  | 6,783,219<br>38.8756%   | 328,781<br>1.8843%          | 0.0000%                | 0.0000%                 |
| 1.5  | Input Winter Volumes  | Value % | 29,399,774<br>100.0000%  | 7,951,655<br>26.9999%   | 4,793,953<br>16.3299%   | 150,910<br>0.5135%          | 3,746,829<br>12.7299%  | 3,666,427<br>12.4729%   |
| 2.0  | Input Bills   | Value % | 2,105,371<br>100.0000%   | 1,874,037<br>89.0122%   | 228,869<br>10.8707%     | 137<br>0.0065%              | 1,476<br>0.0701%       | 852<br>0.0405%          |
| 2.2  | Input Non-Residential Bills   | Value % | 231,334<br>100.0000%     | 0<br>0.0000%            | 228,869<br>98.9344%     | 137<br>0.0592%              | 1,476<br>0.6380%       | 852<br>0.3683%          |
| 3.0  | Input Peak Day  | Value % | 235,067<br>100.0000%     | 126,948<br>54.0049%     | 70,836<br>30.1346%      | 0<br>0.0000%                | 37,283<br>15.8605%     | 0<br>0.0000%            |
| 4.0  | Input Meter Investment  | Value % | 11,758,369<br>100.0000%  | 7,026,701<br>59.7591%   | 4,378,616<br>37.2383%   | 19,418<br>0.1651%           | 211,831<br>1.8015%     | 121,803<br>1.0359%      |
| 4.2  | Input Direct to Residential   | Value % | 1<br>100.0000%           | 1<br>100.0000%          | 0<br>0.0000%            | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.4  | Input Direct to Non-Res Firm Sales                                  | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 1<br>100.0000%          | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.6  | Input Direct to Non-Res Interruptible Sales                         | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 1<br>100.0000%              | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.8  | Input Direct to Firm Transport                                      | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 0<br>0.0000%                | 1<br>100.0000%         | 0<br>0.0000%            |
| 5.0  | Input Direct to Interruptible Transport                             | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 0<br>0.0000%                | 0<br>0.0000%           | 1<br>100.0000%          |
| 6.0  | Internally Generated P, S, T & D Plant                              | Value % | 510,183,158<br>100.0000% | 360,748,930<br>70.7097% | 117,658,609<br>23.0426% | 233,872<br>0.0458%          | 28,123,239<br>5.5174%  | 2,517,506<br>0.4935%    |
| 6.2  | Internally Generated P, S, T & D Plant - Customer                   | Value % | 399,900,256<br>100.0000% | 269,954,013<br>67.4215% | 66,758,356<br>16.6969%  | 175,529<br>0.0439%          | 1,912,320<br>0.4800%   | 1,100,037<br>0.2758%    |
| 6.4  | Internally Generated P, S, T & D Plant - Demand                     | Value % | 162,430,884<br>100.0000% | 87,720,745<br>54.0049%  | 49,947,873<br>30.7466%  | 0<br>0.0000%                | 26,762,365<br>16.4685% | 0<br>0.0000%            |
| 6.6  | Internally Generated P, S, T & D Plant - Commodity                  | Value % | 7,851,916<br>100.0000%   | 3,074,171<br>39.1519%   | 1,853,379<br>23.6042%   | 58,343<br>0.7430%           | 1,448,553<br>18.4484%  | 1,417,469<br>18.0525%   |
| 7.0  | Internally Generated Allocated O&M Expenses                         | Value % | 104,852,768<br>100.0000% | 66,443,244<br>63.3881%  | 36,111,369<br>34.4401%  | 1,103,403<br>1.0523%        | 1,108,934<br>1.0576%   | 85,816<br>0.0818%       |
| 7.2  | Internally Generated Allocated O&M Expenses - Cust                  | Value % | 19,008,499<br>100.0000%  | 15,738,095<br>82.7950%  | 3,143,534<br>16.5375%   | 6,989<br>0.3619%            | 76,098<br>0.4003%      | 43,783<br>0.2303%       |
| 7.4  | Internally Generated Allocated O&M Expenses - Demand                | Value % | 5,247,947<br>100.0000%   | 3,374,200<br>64.0049%   | 1,882,762<br>36.0849%   | 0<br>0.0000%                | 990,985<br>18.8885%    | 0<br>0.0000%            |
| 7.6  | Internally Generated Allocated O&M Expenses - Comm                  | Value % | 79,596,320<br>100.0000%  | 47,330,950<br>59.4837%  | 31,085,042<br>39.0534%  | 1,099,414<br>1.3775%        | 41,881<br>0.0526%      | 42,034<br>0.0529%       |
| 8.0  | Input Customer Deposit Balances                                     | Value % | 34,048,761<br>100.0000%  | 24,135,339<br>70.8868%  | 9,911,423<br>29.1122%   | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 9.0  | Internally Generated Allocated Net Plant                            | Value % | 387,713,350<br>100.0000% | 277,605,252<br>71.6006% | 85,836,822<br>22.1392%  | 159,284<br>0.0411%          | 22,310,770<br>5.7544%  | 1,801,242<br>0.4646%    |
| 9.2  | Internally Generated Allocated Net Plant - Cust                     | Value % | 255,829,267<br>100.0000% | 207,274,123<br>81.0205% | 46,484,889<br>18.1703%  | 114,014<br>0.0446%          | 1,241,838<br>0.4854%   | 714,403<br>0.2792%      |
| 9.4  | Internally Generated Allocated Net Plant - Demand                   | Value % | 125,836,261<br>100.0000% | 67,957,789<br>54.0049%  | 37,820,212<br>30.1346%  | 0<br>0.0000%                | 19,958,259<br>15.8605% | 0<br>0.0000%            |
| 9.6  | Internally Generated Allocated Net Plant - Comm                     | Value % | 5,047,823<br>100.0000%   | 2,373,339<br>47.0223%   | 1,431,722<br>28.3633%   | 45,250<br>0.8966%           | 1,110,873<br>21.9999%  | 1,088,839<br>21.5797%   |
| 10.0   | Internally Generated Composite of Accts. 871-879 & 886-893          | Value % | 5,303,837<br>100.0000%   | 3,832,864<br>72.2659%   | 1,181,012<br>22.2671%   | 1,950<br>0.0368%            | 273,893<br>5.1603%     | 14,318<br>0.2700%       |
| 10.2   | Internally Generated Composite of Accts. 871-879 & 886-893 - Cust   | Value % | 3,708,892<br>100.0000%   | 2,974,169<br>80.1881%   | 704,507<br>18.9137%     | 1,834<br>0.0495%            | 19,985<br>0.5388%      | 11,488<br>0.3100%       |
| 10.4   | Internally Generated Composite of Accts. 871-879 & 886-893 - Demand | Value % | 1,583,316<br>100.0000%   | 855,069<br>54.0049%     | 477,125<br>30.1346%     | 0<br>0.0000%                | 251,122<br>15.8605%    | 0<br>0.0000%            |
| 10.6   | Internally Generated Composite of Accts. 871-879 & 886-893 - Comm   | Value % | 11,530<br>100.0000%      | 3,626<br>31.4512%       | 2,380<br>20.6395%       | 115<br>1.0004%              | 2,586<br>22.4306%      | 2,822<br>24.4784%       |
| 11.0   | Internally Generated Composite of Accts. 376 & 380                  | Value % | 254,117,599<br>100.0000% | 195,016,013<br>76.7424% | 44,781,993<br>17.6225%  | 10,740<br>0.0042%           | 14,242,059<br>5.6045%  | 66,793<br>0.0263%       |
| 11.2   | Internally Generated Composite of Accts. 376 & 380 - Cust           | Value % | 165,061,380<br>100.0000% | 146,915,861<br>89.0122% | 17,942,274<br>10.8707%  | 10,740<br>0.0065%           | 115,712<br>0.0701%     | 88,793<br>0.0405%       |
| 11.4   | Internally Generated Composite of Accts. 376 & 380 - Demand         | Value % | 89,066,219<br>100.0000%  | 48,100,153<br>54.0049%  | 26,839,719<br>30.1346%  | 0<br>0.0000%                | 14,126,347<br>15.8605% | 0<br>0.0000%            |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |               |                         |                      |                             |                    |                         |
|--|---|---------------|-------------------------|----------------------|-----------------------------|--------------------|-------------------------|
| Class Cost of Service - Customer/Demand Study            |   |               |                         |                      |                             |                    |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |               |                         |                      |                             |                    |                         |
| ALLOCATION FACTORS                                       |   |               |                         |                      |                             |                    |                         |
|  |   | Total Company | Residential Sales       | Non-Res Sales Firm   | Non-Res Sales Interruptible | Transport Firm     | Transport Interruptible |
| 11.6   | Internally Generated Composite of Accts. 376 & 380 - Comm                         | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 12.0   | Internally Generated Composite of Accts. 374-379                                  | Value %       | 187,848,282 100.0000%   | 134,141,703 71.4088% | 38,616,166 20.5671%         | 6,077 0.0032%      | 15,046,541 8.0099%      |
| 12.2   | Internally Generated Composite of Accts. 374-379 - Cust                           | Value %       | 93,393,082 100.0000%    | 83,131,235 89.0122%  | 10,152,501 10.8707%         | 6,077 0.0065%      | 85,475 0.0701%          |
| 12.4   | Internally Generated Composite of Accts. 374-379 - Demand                         | Value %       | 94,455,200 100.0000%    | 51,010,469 54.0049%  | 28,463,665 30.1346%         | 0 0.0000%          | 14,981,067 15.8605%     |
| 12.6   | Internally Generated Composite of Accts. 374-379 - Comm                           | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 13.0   | Internally Generated Composite of Accts. 381-383                                  | Value %       | 51,552,145 100.0000%    | 30,807,121 59.7591%  | 19,197,142 37.2383%         | 85,134 0.1651%     | 928,730 1.8015%         |
| 13.2   | Internally Generated Composite of Accts. 381-383 - Cust                           | Value %       | 51,552,145 100.0000%    | 30,807,121 59.7591%  | 19,197,142 37.2383%         | 85,134 0.1651%     | 928,730 1.8015%         |
| 13.4   | Internally Generated Composite of Accts. 381-383 - Demand                         | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 13.6   | Internally Generated Composite of Accts. 381-383 - Comm                           | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 14.0   | Internally Generated Account 380  | Value %       | 76,986,662 100.0000%    | 68,527,537 89.0122%  | 8,369,007 10.8707%          | 5,010 0.0065%      | 53,973 0.0701%          |
| 14.2   | Internally Generated Account 380 - Cust   | Value %       | 76,986,662 100.0000%    | 68,527,537 89.0122%  | 8,369,007 10.8707%          | 5,010 0.0065%      | 53,973 0.0701%          |
| 14.4   | Internally Generated Account 380 - Demand   | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 14.6   | Internally Generated Account 380 - Comm   | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 16.0   | Input GLD 9400 Allocation Factors   | Value %       | 54,156 100.0000%        | 0.81264 0.0015%      | 0.14803 0.0003%             | 0.03934 0.0001%    | 54,155 99.9982%         |
| 17.0   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1        | Value %       | 8,877,211 100.0000%     | 6,719,140 75.6898%   | 1,769,808 19.9365%          | 2,715 0.0306%      | 365,734 4.1199%         |
| 17.2   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | Value %       | 6,753,404 100.0000%     | 5,575,656 82.6607%   | 1,131,272 16.7511%          | 2,560 0.0379%      | 27,877 0.4128%          |
| 17.4   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Dema | Value %       | 2,108,347 100.0000%     | 1,138,511 54.0049%   | 635,341 30.1346%            | 0 0.0000%          | 334,394 15.8605%        |
| 17.6   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | Value %       | 15,461 100.0000%        | 4,873 31.5153%       | 3,195 20.6645%              | 154 0.9963%        | 3,463 22.3971%          |
| 18.0   | Internally Generated Revenues   | Value %       | 1,494,127,760 100.0000% | 961,319,271 64.3996% | 486,286,164 32.6803%        | 44,490,351 2.9777% | 20,298 0.0014%          |
| 18.2   | Internally Generated Base Revenues  | Value %       | 82,773,705 100.0000%    | 48,574,306 58.6833%  | 19,489,661 23.5457%         | 313,469 0.3787%    | 7,601,062 9.2917%       |
| 18.4   | Internally Generated Gas Costs  | Value %       | 79,378,177 100.0000%    | 47,248,724 59.5236%  | 31,034,769 39.0974%         | 1,094,685 1.3791%  | 0 0.0000%               |
| 18.6   | Internally Generated Total Rate Schedule Revenues                                 | Value %       | 162,151,882 100.0000%   | 96,823,030 59.6946%  | 50,524,429 31.1687%         | 1,408,155 0.8684%  | 7,691,062 4.7431%       |
| 19.0   | Internally Generated Rate Base  | Value %       | 335,832,639 100.0000%   | 237,190,241 70.6275% | 75,142,689 22.3750%         | 254,728 0.0758%    | 20,202,883 6.0157%      |
| 19.2   | Internally Generated Rate Base - Cust   | Value %       | 214,215,257 100.0000%   | 173,434,928 80.9629% | 39,036,028 18.2228%         | 96,062 0.0446%     | 1,046,318 0.4884%       |
| 19.4   | Internally Generated Rate Base - Demand   | Value %       | 106,071,789 100.0000%   | 57,284,000 54.0049%  | 31,864,274 30.1346%         | 0 0.0000%          | 16,823,516 15.8605%     |
| 19.6   | Internally Generated Rate Base - Comm   | Value %       | 15,545,693 100.0000%    | 6,471,313 41.6280%   | 4,142,367 26.6466%          | 158,687 1.0207%    | 2,332,849 15.0065%      |
| 99.0   |   | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |

| Atmos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Demand-Only Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                  |                        |                      |                       |                                |                   |                            |
|---|----------------------------------|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| SUMMARY OF RESULTS  |                                  |                        |                      |                       |                                |                   |                            |
|   |                                  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1   |                                  |                        |                      |                       |                                |                   |                            |
| 2   |                                  |                        |                      |                       |                                |                   |                            |
| 3   |                                  |                        |                      |                       |                                |                   |                            |
| 4   |                                  |                        |                      |                       |                                |                   |                            |
| 5   |                                  |                        |                      |                       |                                |                   |                            |
| 6   |                                  |                        |                      |                       |                                |                   |                            |
| 7   |                                  |                        |                      |                       |                                |                   |                            |
| 8   | Operating Revenues               | 166,804,655            | 98,561,396           | 51,767,399            | 1,435,259                      | 8,035,290         | 7,005,311                  |
| 9   |                                  |                        |                      |                       |                                |                   |                            |
| 10  | Operating Expenses:              |                        |                      |                       |                                |                   |                            |
| 11  |                                  |                        |                      |                       |                                |                   |                            |
| 12  | Operating & Maintenance          | 104,852,766            | 64,464,196           | 37,200,401            | 1,103,035                      | 2,001,605         | 83,529                     |
| 13  | Depreciation & Amortization      | 19,444,466             | 12,416,303           | 5,455,356             | 11,539                         | 1,464,178         | 97,090                     |
| 14  | Taxes Other Than Income          | 6,100,220              | 3,700,160            | 1,725,851             | 13,793                         | 558,048           | 102,368                    |
| 15  |                                  |                        |                      |                       |                                |                   |                            |
| 16  | Total Operating Expenses         | 130,397,452            | 80,580,659           | 44,381,608            | 1,128,367                      | 4,023,831         | 282,987                    |
| 17  |                                  |                        |                      |                       |                                |                   |                            |
| 18  | Income Before Taxes              | 36,407,203             | 17,980,737           | 7,385,791             | 306,892                        | 4,011,459         | 6,722,324                  |
| 19  |                                  |                        |                      |                       |                                |                   |                            |
| 20  | Interest Expense                 | 7,757,734              | 4,766,394            | 2,127,981             | 5,752                          | 788,153           | 69,454                     |
| 21  |                                  |                        |                      |                       |                                |                   |                            |
| 22  | Income Taxes:                    |                        |                      |                       |                                |                   |                            |
| 23  |                                  |                        |                      |                       |                                |                   |                            |
| 24  | State Income Taxes               | 6.00%                  | 1,718,968            | 792,861               | 315,469                        | 18,068            | 193,398                    |
| 25  | Federal Income Taxes             | 35.00%                 | 9,425,675            | 4,347,519             | 1,729,819                      | 99,075            | 1,060,468                  |
| 25  | Total Deferred Income Taxes      |                        | 0                    | 0                     | 0                              | 0                 | 0                          |
| 26  | Amortization of ITC              |                        | 0                    | 0                     | 0                              | 0                 | 0                          |
| 27  |                                  |                        |                      |                       |                                |                   |                            |
| 28  | Total Income Taxes               | 11,144,644             | 5,140,379            | 2,045,288             | 117,144                        | 1,253,866         | 2,567,967                  |
| 29  |                                  |                        |                      |                       |                                |                   |                            |
| 30  | Net Income                       | 25,262,560             | 12,840,358           | 5,340,503             | 189,748                        | 2,757,593         | 4,134,357                  |
| 31  |                                  |                        |                      |                       |                                |                   |                            |
| 32  | Total Rate Base                  | 335,832,639            | 206,337,422          | 92,120,401            | 248,993                        | 34,119,170        | 3,006,654                  |
| 33  |                                  |                        |                      |                       |                                |                   |                            |
| 34  | Rate of Return                   | 7.5224%                | 6.2230%              | 5.7973%               | 76.2062%                       | 8.0822%           | 137.5069%                  |
| 35  | Relative Rate of Return          | 1.00                   | 0.83                 | 0.77                  | 10.13                          | 1.07              | 18.28                      |
| 36  |                                  |                        |                      |                       |                                |                   |                            |
| 37  | Equalized ROR:                   |                        |                      |                       |                                |                   |                            |
| 38  |                                  |                        |                      |                       |                                |                   |                            |
| 39  | Net Income Increase              |                        | 2,007,051            | 3,914,241             | 2,139,673                      | (169,530)         | 12,884                     |
| 40  | Uncollectibles/PSC Fees Increase | 0.6901%                | 22,826               | 44,517                | 24,335                         | (1,923)           | 147                        |
| 41  | Income Taxes                     |                        | 1,277,811            | 2,492,045             | 1,362,247                      | (107,933)         | 8,202                      |
| 42  | Gross Revenue After Increase     |                        | 170,112,344          | 105,012,199           | 55,293,654                     | 1,155,868         | 8,056,523                  |
| 43  | Revenue Increase                 |                        | 3,307,688            | 6,460,803             | 3,526,255                      | (279,392)         | 21,232                     |
| 44  | Rate of Return                   |                        | 8.1200%              | 8.1200%               | 8.1200%                        | 8.1200%           | 8.1200%                    |
| 45  | Relative Rate of Return          |                        | 1.00                 | 1.00                  | 1.00                           | 1.00              | 1.00                       |
| 46  | Percent Increase                 |                        | 1.9830%              | 6.5450%               | 6.8117%                        | -19.4663%         | 0.2642%                    |
| 47  |                                  |                        |                      |                       |                                |                   |                            |
| 48  | Proposed Rate Levels:            |                        | 27,269,585           | 14,042,371            | 5,848,699                      | 204,275           | 2,985,195                  |
| 49  |                                  |                        |                      |                       |                                |                   |                            |
| 50  | Net Income Increase              |                        | 2,007,025            | 1,202,014             | 509,196                        | 14,527            | 227,602                    |
| 51  | Uncollectibles/PSC Fees Increase |                        | 22,826               | 13,671                | 5,780                          | 165               | 2,589                      |
| 52  | Income Taxes                     |                        | 1,277,795            | 765,275               | 323,548                        | 9,249             | 144,905                    |
| 53  | Gross Revenue After Increase     |                        | 170,112,301          | 100,542,355           | 52,604,923                     | 1,459,200         | 8,410,386                  |
| 54  | Revenue Increase                 |                        | 3,307,646            | 1,980,960             | 837,524                        | 23,940            | 375,096                    |
| 55  | Rate of Return                   |                        | 8.1200%              | 6.8055%               | 6.3490%                        | 82.0404%          | 8.7493%                    |
| 56  | Relative Rate of Return          |                        | 1.00                 | 0.84                  | 0.78                           | 10.10             | 1.08                       |
| 57  | Percent Increase                 |                        | 1.9829%              | 2.0099%               | 1.6179%                        | 1.6680%           | 4.6681%                    |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |                        |                      |                       |                                |                   |                            |
|--|---|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Class Cost of Service - Demand-Only Study                |   |                        |                      |                       |                                |                   |                            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |                        |                      |                       |                                |                   |                            |
| SUMMARY OF CUSTOMER COSTS                                |   |                        |                      |                       |                                |                   |                            |
|  |   | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  | Rate Base                                     | 126,082,636            | 94,986,145           | 29,455,377            | 90,327                         | 984,531           | 566,257                    |
| 2  |   |                        |                      |                       |                                |                   |                            |
| 3  | Return @ Realized ROR                         | 9,484,397              | 6,138,633            | 1,619,129             | 71,001                         | 145,777           | 1,509,858                  |
| 4  | O&M Expenses                                  | 13,355,249             | 10,706,013           | 2,528,985             | 6,621                          | 72,135            | 41,495                     |
| 5  | Depreciation Expense                          | 10,941,949             | 7,851,953            | 2,905,219             | 10,167                         | 110,857           | 63,753                     |
| 6  | Taxes, Other                                  | 2,236,503              | 1,663,330            | 542,506               | 1,688                          | 18,398            | 10,582                     |
| 7  |   |                        |                      |                       |                                |                   |                            |
| 8  | Interest Expense                              | 2,912,509              | 2,194,180            | 680,419               | 2,087                          | 22,743            | 13,081                     |
| 9  |   |                        |                      |                       |                                |                   |                            |
| 10   | Income Taxes:                                 |                        |                      |                       |                                |                   |                            |
| 11   |   |                        |                      |                       |                                |                   |                            |
| 12   | State Income Taxes                            | 645,357                | 387,344              | 92,181                | 6,767                          | 12,092            | 146,983                    |
| 13   | Federal Income Taxes                          | 3,538,709              | 2,123,936            | 505,459               | 37,108                         | 66,249            | 805,957                    |
| 14   | Deferred Income Taxes                         | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15   | Amortization of ITC                           | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16   |   |                        |                      |                       |                                |                   |                            |
| 17   | Total Income Taxes                            | 4,184,066              | 2,511,280            | 597,640               | 43,875                         | 78,331            | 952,940                    |
| 18   |   |                        |                      |                       |                                |                   |                            |
| 19   | Total Customer-Related Costs @ Realized ROR   | 40,202,165             | 28,871,208           | 8,193,479             | 133,352                        | 425,498           | 2,578,627                  |
| 20   | Total Customers                               | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 21   | Customer Costs (\$/customer/month)            |                        | \$ 15.41             | \$ 35.80              | \$ 973.37                      | \$ 288.28         | \$ 3,026.56                |
| 22   |   |                        |                      |                       |                                |                   |                            |
| 23   |   |                        |                      |                       |                                |                   |                            |
| 24   | Incremental Return @ Equalized ROR            | 753,513                | 1,574,242            | 772,647               | (63,666)                       | (85,833)          | (1,463,878)                |
| 25   | Incremental Income Taxes                      | 479,732                | 1,002,259            | 491,915               | (40,634)                       | (41,913)          | (931,994)                  |
| 26   | Incremental Uncollectibles/PSC Fees Increase  | 8,570                  | 17,904               | 8,787                 | (724)                          | (749)             | (16,649)                   |
| 27   |   |                        |                      |                       |                                |                   |                            |
| 28   | Total Customer-Related Costs @ Equalized ROR  | 41,443,960             | 31,465,614           | 9,466,828             | 28,428                         | 317,003           | 166,107                    |
| 29   | Customers                                     | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 30   | Dollars/Customer/Month                        | \$ 19.68               | \$ 16.79             | \$ 41.36              | \$ 207.50                      | \$ 214.77         | \$ 194.96                  |
| 31   |   |                        |                      |                       |                                |                   |                            |
| 32   |   |                        |                      |                       |                                |                   |                            |
| 33   | Incremental Return @ Proposed Rates           | 753,503                | 555,981              | 160,137               | 5,435                          | 14,780            | 17,169                     |
| 34   | Incremental Income Taxes                      | 479,726                | 353,972              | 101,953               | 3,460                          | 9,410             | 10,931                     |
| 35   | Incremental Uncollectibles/PSC Fees Increase  | 8,570                  | 6,323                | 1,821                 | 62                             | 168               | 195                        |
| 36   |   |                        |                      |                       |                                |                   |                            |
| 37   | Total Customer-Related Costs @ Proposed Rates | 41,443,964             | 29,787,485           | 8,457,391             | 142,309                        | 449,857           | 2,606,923                  |
| 38   | Customers                                     | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 39   | Dollars/Customer/Month                        | \$ 19.68               | \$ 15.89             | \$ 36.95              | \$ 1,038.75                    | \$ 304.78         | \$ 3,059.77                |

| Atmos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Demand-Only Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                        |                      |                       |                                |                   |                            |
|---|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| SUMMARY OF DEMAND COSTS   |  |                        |                      |                       |                                |                   |                            |
|   |  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1   | Rate Base                                    | 194,204,410            | 104,879,964          | 58,522,657            | 0                              | 30,801,780        | 0                          |
| 2   |  |                        |                      |                       |                                |                   |                            |
| 3   | Return @ Realized ROR                        | 14,608,766             | 6,339,036            | 3,483,330             | 98,896                         | 2,427,488         | 2,260,015                  |
| 4   | O&M Expenses                                 | 11,801,197             | 6,427,234            | 3,566,374             | 0                              | 1,887,589         | 0                          |
| 5   | Depreciation Expense                         | 8,317,850              | 4,492,049            | 2,506,546             | 0                              | 1,319,252         | 0                          |
| 6   | Taxes, Other                                 | 2,862,804              | 1,546,056            | 862,694               | 0                              | 454,055           | 0                          |
| 7   |  |                        |                      |                       |                                |                   |                            |
| 8   | Interest Expense                             | 4,486,122              | 2,422,727            | 1,351,873             | 0                              | 711,521           | 0                          |
| 9   |  |                        |                      |                       |                                |                   |                            |
| 10  | Income Taxes:                                |                        |                      |                       |                                |                   |                            |
| 11  |  |                        |                      |                       |                                |                   |                            |
| 12  | State Income Taxes                           | 994,040                | 384,580              | 209,308               | 9,712                          | 168,507           | 221,933                    |
| 13  | Federal Income Taxes                         | 5,450,655              | 2,108,782            | 1,147,708             | 53,252                         | 923,982           | 1,216,931                  |
| 14  | Deferred Income Taxes                        | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15  | Amortization of ITC                          | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16  |  |                        |                      |                       |                                |                   |                            |
| 17  | Total Income Taxes                           | 6,444,695              | 2,493,362            | 1,357,016             | 62,963                         | 1,092,490         | 1,438,864                  |
| 18  |  |                        |                      |                       |                                |                   |                            |
| 19  | Total Demand-Related Costs @ Realized ROR    | 44,135,312             | 21,297,737           | 11,795,962            | 161,859                        | 7,180,875         | 3,698,880                  |
| 20  |  |                        |                      |                       |                                |                   |                            |
| 21  |  |                        |                      |                       |                                |                   |                            |
| 22  | Incremental Return @ Equalized ROR           | 1,160,832              | 2,177,217            | 1,268,710             | (98,896)                       | 73,617            | (2,260,015)                |
| 23  | Incremental Income Taxes                     | 738,929                | 1,386,149            | 807,738               | (82,963)                       | 46,869            | (1,438,864)                |
| 24  | Incremental Uncollectibles/PSC Fees Increase | 13,200                 | 24,762               | 14,429                | (1,125)                        | 837               | (25,703)                   |
| 25  |  |                        |                      |                       |                                |                   |                            |
| 26  | Total Demand-Related Costs @ Equalized ROR   | 46,048,073             | 24,885,865           | 13,886,839            | (1,125)                        | 7,302,198         | (25,703)                   |
| 27  |  |                        |                      |                       |                                |                   |                            |
| 28  |  |                        |                      |                       |                                |                   |                            |
| 29  | Incremental Return @ Proposed Rates          | 1,160,817              | 608,798              | 325,262               | 7,540                          | 197,783           | 21,233                     |
| 30  | Incremental Income Taxes                     | 738,920                | 387,598              | 207,082               | 4,800                          | 125,921           | 13,518                     |
| 31  | Incremental Uncollectibles/PSC Fees Increase | 13,200                 | 6,924                | 3,699                 | 86                             | 2,249             | 241                        |
| 32  |  |                        |                      |                       |                                |                   |                            |
| 33  | Total Demand-Related Costs @ Proposed Rates  | 46,048,049             | 22,301,057           | 12,332,008            | 174,285                        | 7,506,828         | 3,733,873                  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                      |                       |                                |                   |                            |           |
|--|--|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|-----------|
| Class Cost of Service - Demand-Only Study                |  |                      |                       |                                |                   |                            |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                      |                       |                                |                   |                            |           |
| SUMMARY OF COMMODITY COSTS                               |  |                      |                       |                                |                   |                            |           |
|  | Total<br>Company<br>\$                         | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |           |
| 1  | Rate Base                                      | 15,545,593           | 6,471,313             | 4,142,367                      | 158,667           | 2,332,849                  | 2,440,397 |
| 2  |  |                      |                       |                                |                   |                            |           |
| 3  | Return @ Realized ROR                          | 1,169,396            | 486,796               | 311,604                        | 11,935            | 175,485                    | 183,576   |
| 4  | O&M Expenses                                   | 79,596,320           | 47,330,950            | 31,085,042                     | 1,096,414         | 41,881                     | 42,034    |
| 5  | Depreciation Expense                           | 184,667              | 72,301                | 43,589                         | 1,372             | 34,068                     | 33,337    |
| 6  | Taxes, Other                                   | 1,000,912            | 490,775               | 320,652                        | 12,105            | 85,595                     | 91,786    |
| 7  |  |                      |                       |                                |                   |                            |           |
| 8  | Interest Expense                               | 359,103              | 149,487               | 95,689                         | 3,665             | 53,889                     | 56,373    |
| 9  |  |                      |                       |                                |                   |                            |           |
| 10   | Income Taxes:                                  |                      |                       |                                |                   |                            |           |
| 11   |  |                      |                       |                                |                   |                            |           |
| 12   | State Income Taxes                             | 79,571               | 33,124                | 21,203                         | 812               | 11,941                     | 12,491    |
| 13   | Federal Income Taxes                           | 436,312              | 181,628               | 116,262                        | 4,453             | 65,475                     | 68,494    |
| 14   | Deferred Income Taxes                          | 0                    | 0                     | 0                              | 0                 | 0                          | 0         |
| 15   | Amortization of ITC                            | 0                    | 0                     | 0                              | 0                 | 0                          | 0         |
| 16   |  |                      |                       |                                |                   |                            |           |
| 17   | Total Income Taxes                             | 515,882              | 214,751               | 137,465                        | 5,265             | 77,416                     | 80,985    |
| 18   |  |                      |                       |                                |                   |                            |           |
| 19   | Total Commodity-Related Costs                  | 82,467,178           | 48,595,572            | 31,898,352                     | 1,127,092         | 414,445                    | 431,717   |
| 20   | Total Throughput                               | 32,865,246           | 10,336,507            | 6,783,219                      | 328,781           | 7,371,869                  | 8,044,870 |
| 21   | Commodity Costs (\$/Mcf)                       |                      | \$ 4.70135            | \$ 4.70254                     | \$ 3.42810        | \$ 0.05622                 | \$ 0.05   |
| 22   |  |                      |                       |                                |                   |                            |           |
| 23   |  |                      |                       |                                |                   |                            |           |
| 24   | Incremental Return @ Equalized ROR             | 92,906               | 38,675                | 24,756                         | 948               | 13,942                     | 14,585    |
| 25   | Incremental Income Taxes                       | 59,150               | 24,623                | 15,761                         | 604               | 8,876                      | 9,285     |
| 26   | Incremental Uncollectibles/PSC Fees Increase   | 1,057                | 440                   | 282                            | 11                | 159                        | 166       |
| 27   |  |                      |                       |                                |                   |                            |           |
| 28   | Total Commodity-Related Costs @ Equalized ROR  | 82,620,290           | 48,659,310            | 31,939,151                     | 1,128,655         | 437,422                    | 455,753   |
| 29   | Total Throughput                               | 32,865,246           | 10,336,507            | 6,783,219                      | 328,781           | 7,371,869                  | 8,044,870 |
| 30   | Commodity Costs (\$/Mcf)                       | \$ 2.51              | \$ 4.71               | \$ 4.71                        | \$ 3.43           | \$ 0.06                    | \$ 0.06   |
| 31   |  |                      |                       |                                |                   |                            |           |
| 32   |  |                      |                       |                                |                   |                            |           |
| 33   | Incremental Return @ Proposed Rates            | 92,905               | (86,873)              | (50,764)                       | 9,468             | 23,881                     | 197,193   |
| 34   | Incremental Income Taxes                       | 59,149               | (55,309)              | (32,320)                       | 6,028             | 15,204                     | 125,545   |
| 35   | Incremental Uncollectibles/PSC Fees Increase   | 1,057                | (988)                 | (577)                          | 108               | 272                        | 2,243     |
| 36   |  |                      |                       |                                |                   |                            |           |
| 37   | Total Commodity-Related Costs @ Proposed Rates | 82,620,288           | 48,452,402            | 31,814,680                     | 1,142,696         | 453,802                    | 756,898   |
| 38   | Total Throughput                               | 32,865,246           | 10,336,507            | 6,783,219                      | 328,781           | 7,371,869                  | 8,044,870 |
| 39   | Commodity Costs (\$/Mcf)                       | \$ 2.51              | \$ 4.69               | \$ 4.69                        | \$ 3.48           | \$ 0.06                    | \$ 0.09   |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                        |                      |                       |                                |                   |                            |
|--|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Class Cost of Service - Demand-Only Study                |  |                        |                      |                       |                                |                   |                            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                        |                      |                       |                                |                   |                            |
| TOTAL COST OF SERVICE                                    |  |                        |                      |                       |                                |                   |                            |
|  |  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  | Rate Base                                    | 395,832,639            | 206,337,422          | 92,120,401            | 248,993                        | 34,119,170        | 3,008,654                  |
| 2  |  |                        |                      |                       |                                |                   |                            |
| 3  | Return @ Realized ROR                        | 25,262,560             | 12,964,465           | 5,414,064             | 181,832                        | 2,748,751         | 3,953,449                  |
| 4  | O&M Expenses                                 | 104,852,766            | 84,464,198           | 37,200,401            | 1,103,035                      | 2,001,605         | 83,529                     |
| 5  | Depreciation Expense                         | 19,444,466             | 12,416,303           | 5,455,356             | 11,539                         | 1,464,178         | 97,090                     |
| 6  | Taxes, Other                                 | 6,100,220              | 3,700,160            | 1,725,851             | 13,793                         | 558,048           | 102,368                    |
| 7  |  |                        |                      |                       |                                |                   |                            |
| 8  | Interest Expense                             | 7,757,734              | 4,766,394            | 2,127,981             | 5,752                          | 788,153           | 69,454                     |
| 9  |  |                        |                      |                       |                                |                   |                            |
| 10   | Income Taxes:                                |                        |                      |                       |                                |                   |                            |
| 11   |  |                        |                      |                       |                                |                   |                            |
| 12   | State Income Taxes                           | 1,718,968              | 805,048              | 322,692               | 17,291                         | 192,530           | 381,407                    |
| 13   | Federal Income Taxes                         | 9,425,675              | 4,414,348            | 1,769,429             | 94,812                         | 1,055,707         | 2,091,382                  |
| 14   | Deferred Income Taxes                        | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15   | Amortization of ITC                          | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16   |  |                        |                      |                       |                                |                   |                            |
| 17   | Total Income Taxes                           | 11,144,644             | 5,219,393            | 2,092,121             | 112,104                        | 1,248,237         | 2,472,789                  |
| 18   |  |                        |                      |                       |                                |                   |                            |
| 19   | Total Cost of Service @ Realized ROR         | 166,804,655            | 98,764,517           | 51,887,793            | 1,422,303                      | 8,020,818         | 6,709,224                  |
| 20   |  |                        |                      |                       |                                |                   |                            |
| 21   |  |                        |                      |                       |                                |                   |                            |
| 22   | Incremental Return @ Equalized ROR           | 2,007,051              | 3,790,134            | 2,066,113             | (181,614)                      | 21,726            | (3,709,308)                |
| 23   | Incremental Income Taxes                     | 1,277,811              | 2,413,031            | 1,315,414             | (102,893)                      | 13,832            | (2,361,573)                |
| 24   | Incremental Uncollectibles/PSC Fees Increase | 22,826                 | 43,106               | 23,498                | (1,838)                        | 247               | (42,166)                   |
| 25   |  |                        |                      |                       |                                |                   |                            |
| 26   | Total Cost of Service @ Equalized ROR        | 170,112,344            | 105,010,788          | 55,292,818            | 1,155,958                      | 8,056,623         | 596,157                    |
| 27   |  |                        |                      |                       |                                |                   |                            |
| 28   |  |                        |                      |                       |                                |                   |                            |
| 29   | Incremental Return @ Proposed Rates          | 2,007,025              | 1,077,908            | 434,635               | 22,443                         | 236,445           | 235,566                    |
| 30   | Incremental Income Taxes                     | 1,277,795              | 686,261              | 276,715               | 14,289                         | 150,535           | 149,995                    |
| 31   | Incremental Uncollectibles/PSC Fees Increase | 22,826                 | 12,259               | 4,943                 | 255                            | 2,689             | 2,679                      |
| 32   |  |                        |                      |                       |                                |                   |                            |
| 33   | Total Cost of Service @ Proposed Rates       | 170,112,301            | 100,540,944          | 52,604,086            | 1,459,290                      | 8,410,487         | 7,097,494                  |







| Almos Energy Corporation, Kentucky/Mid-States Division   |           |  |              |                 |                   |             |             |              |
|--|-----------|--|--------------|-----------------|-------------------|-------------|-------------|--------------|
| Class Cost of Service - Demand-Only Study                |           |  |              |                 |                   |             |             |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |  |              |                 |                   |             |             |              |
| CLASSIFICATION OF GROSS PLANT IN SERVICE                 |           |  |              |                 |                   |             |             |              |
| Line No.   | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$   | Commodity \$ |
| 177  |           | Shared Services General Office:              |              |                 |                   |             |             |              |
| 178  |           | -Generat                                     |              |                 |                   |             |             |              |
| 180  |           | -Generat                                     |              |                 |                   |             |             |              |
| 181  | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 182  | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 183  | 36602     | Structures & Improvements                    | 264,248      | 5.4             | P, S, T & D Plant | 113,192     | 146,990     | 4,067        |
| 184  | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 185  | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 186  | 39009     | Improvement to leased Premises               | 507,647      | 5.4             | P, S, T & D Plant | 217,452     | 282,382     | 7,813        |
| 187  | 39100     | Office Furniture & Equipment                 | 691,034      | 5.4             | P, S, T & D Plant | 253,171     | 328,767     | 9,096        |
| 188  | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 189  | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 190  | 39200     | Transportation Equipment                     | 5,437        | 5.4             | P, S, T & D Plant | 2,329       | 3,024       | 84           |
| 191  | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 192  | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 193  | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 194  | 39400     | Tools, Shop & Garage Equipment               | 84,202       | 5.4             | P, S, T & D Plant | 38,068      | 46,839      | 1,296        |
| 195  | 39500     | Laboratory Equipment                         | 1,242        | 5.4             | P, S, T & D Plant | 632         | 691         | 19           |
| 196  | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 197  | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 198  | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 199  | 39700     | Communication Equipment                      | 133,888      | 5.4             | P, S, T & D Plant | 57,351      | 74,476      | 2,061        |
| 200  | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 201  | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 202  | 39705     | Communication Equip. - Telemetry             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 203  | 39900     | Miscellaneous Equipment                      | 28,914       | 5.4             | P, S, T & D Plant | 12,385      | 16,083      | 446          |
| 204  | 39900     | Other Tangible Property                      | 5,636        | 5.4             | P, S, T & D Plant | 3,785       | 4,916       | 136          |
| 205  | 39901     | Other Tangible Property - Servers - HW       | 1,652,373    | 5.4             | P, S, T & D Plant | 707,799     | 919,144     | 25,431       |
| 206  | 39902     | Other Tangible Property - Servers - SW       | 1,013,025    | 5.4             | P, S, T & D Plant | 433,932     | 563,502     | 15,591       |
| 207  | 39903     | Other Tangible Property - Network - HW       | 178,623      | 5.4             | P, S, T & D Plant | 76,614      | 99,360      | 2,749        |
| 208  | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 209  | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 210  | 39906     | Other Tang. Property - PC Hardware           | 119,949      | 5.4             | P, S, T & D Plant | 51,380      | 66,722      | 1,846        |
| 211  | 39907     | Other Tang. Property - PC Software           | 38,076       | 5.4             | P, S, T & D Plant | 15,453      | 20,067      | 555          |
| 212  | 39908     | Other Tang. Property - Mainframe SW          | 6,431,595    | 5.4             | P, S, T & D Plant | 2,764,992   | 3,577,619   | 98,995       |
| 213  | 39909     | Other Tang. Property - Application Software  | 51,664       | 5.4             | P, S, T & D Plant | 22,130      | 28,738      | 795          |
| 214  | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 215  |           |  |              |                 |                   |             |             |              |
| 216  |           | Total General Plant                          | 11,108,756   |                 |                   | 4,768,467   | 6,179,321   | 170,988      |
| 217  |           |  |              |                 |                   |             |             |              |
| 218  |           | CWIP w/o AFUDC                               | 620,248      | 5.4             | P, S, T & D Plant | 265,686     | 345,017     | 9,546        |
| 219  |           |  |              |                 |                   |             |             |              |
| 220  |           | Shared Services Customer Support:            |              |                 |                   |             |             |              |
| 221  |           | -Generat                                     |              |                 |                   |             |             |              |
| 222  |           | -Generat                                     |              |                 |                   |             |             |              |
| 223  |           | -Generat                                     |              |                 |                   |             |             |              |
| 224  | 37400     | Land & Land Rights                           | 184,639      | 5.4             | P, S, T & D Plant | 79,091      | 102,707     | 2,842        |
| 225  | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 226  | 36602     | Structures & Improvements                    | 837,684      | 5.4             | P, S, T & D Plant | 368,824     | 465,958     | 12,892       |
| 227  | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 228  | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 229  | 39009     | Improvement to leased Premises               | 245,537      | 5.4             | P, S, T & D Plant | 105,177     | 136,682     | 3,770        |
| 230  | 39100     | Office Furniture & Equipment                 | 130,678      | 5.4             | P, S, T & D Plant | 65,976      | 72,690      | 2,011        |
| 231  | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 232  | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 233  | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 234  | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 235  | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 236  | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 237  | 39400     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 238  | 39600     | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 239  | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 240  | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 241  | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 242  | 39700     | Communication Equipment                      | 116,093      | 5.4             | P, S, T & D Plant | 49,288      | 64,005      | 1,771        |
| 243  | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 244  | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 245  | 39705     | Communication Equip. - Telemetry             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 246  | 39900     | Miscellaneous Equipment                      | 3,476        | 5.4             | P, S, T & D Plant | 1,489       | 1,933       | 63           |
| 247  | 39900     | Other Tangible Property                      | 38,937       | 5.4             | P, S, T & D Plant | 15,822      | 20,546      | 569          |
| 248  | 39901     | Other Tangible Property - Servers - HW       | 468,909      | 5.4             | P, S, T & D Plant | 200,859     | 260,834     | 7,217        |
| 249  | 39902     | Other Tangible Property - Servers - SW       | 104,885      | 5.4             | P, S, T & D Plant | 44,819      | 58,332      | 1,614        |
| 250  | 39903     | Other Tangible Property - Network - HW       | 38,057       | 5.4             | P, S, T & D Plant | 15,449      | 20,062      | 555          |
| 251  | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 252  | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 253  | 39906     | Other Tang. Property - PC Hardware           | 59,881       | 5.4             | P, S, T & D Plant | 25,650      | 33,309      | 922          |
| 254  | 39907     | Other Tang. Property - PC Software           | 11,765       | 5.4             | P, S, T & D Plant | 5,040       | 6,544       | 181          |
| 255  | 39908     | Other Tang. Property - Mainframe SW          | 6,431,390    | 5.4             | P, S, T & D Plant | 2,764,904   | 3,577,505   | 98,982       |
| 256  | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 257  | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |
| 258  |           |  |              |                 |                   |             |             |              |
| 259  |           | Total General Plant                          | 8,666,892    |                 |                   | 3,712,467   | 4,821,018   | 133,387      |
| 260  |           |  |              |                 |                   |             |             |              |
| 261  |           | CWIP w/o AFUDC                               | 74,130       | 5.4             | P, S, T & D Plant | 31,754      | 41,235      | 1,141        |
| 262  |           |  |              |                 |                   |             |             |              |
| 263  |           | TOTAL PLANT IN SERVICE                       | 552,899,040  |                 |                   | 236,707,336 | 307,386,992 | 8,504,712    |
| 264  |           |  |              |                 |                   |             |             |              |
| 265  |           | TOTAL CWIP W/O AFUDC                         | 14,731,739   |                 |                   | 6,310,381   | 8,194,830   | 226,727      |





| Alamos Energy Corporation, Kentucky/Mid-States Division     |           |  |              |                 |                   |             |            |              |
|---|-----------|--|--------------|-----------------|-------------------|-------------|------------|--------------|
| Class Cost of Service - Demand-Only Study                   |           |  |              |                 |                   |             |            |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017    |           |  |              |                 |                   |             |            |              |
| CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION |           |  |              |                 |                   |             |            |              |
| Line No.  | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$  | Commodity \$ |
| 175   |           | Shared Services General Office:              |              |                 |                   |             |            |              |
| 176   |           | General:                                     |              |                 |                   |             |            |              |
| 177   |           |  |              |                 |                   |             |            |              |
| 178   |           |  |              |                 |                   |             |            |              |
| 179   | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 180   | 39000     | Structures & Improvements                    | 63,893       | 5.4             | P, S, T & D Plant | 35,979      | 46,722     | 1,293        |
| 181   | 36502     | Structures & Improvements                    | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 182   | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 183   | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 184   | 39009     | Improvement to leased Premises               | 492,964      | 5.4             | P, S, T & D Plant | 211,162     | 274,214    | 7,587        |
| 185   | 39100     | Office Furniture & Equipment                 | 343,990      | 5.4             | P, S, T & D Plant | 147,349     | 191,347    | 5,294        |
| 186   | 39102     | Remittance Processing Equip                  | 309          | 5.4             | P, S, T & D Plant | 132         | 171        | 5            |
| 187   | 39103     | Office Machines                              | 152          | 5.4             | P, S, T & D Plant | 65          | 84         | 2            |
| 188   | 39200     | Transportation Equipment                     | 5,440        | 5.4             | P, S, T & D Plant | 2,330       | 3,026      | 84           |
| 189   | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 190   | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 191   | 39300     | Stores Equipment                             | 40           | 5.4             | P, S, T & D Plant | 17          | 22         | 1            |
| 192   | 39400     | Tools, Shop & Garage Equipment               | 11,853       | 5.4             | P, S, T & D Plant | 5,077       | 6,593      | 182          |
| 193   | 39500     | Laboratory Equipment                         | 580          | 5.4             | P, S, T & D Plant | 248         | 323        | 9            |
| 194   | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 195   | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 196   | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 197   | 39700     | Communication Equipment                      | 75,210       | 5.4             | P, S, T & D Plant | 32,217      | 41,836     | 1,158        |
| 198   | 39731     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 199   | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 200   | 39705     | Communication Equip. - Telemetry             | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 201   | 39800     | Miscellaneous Equipment                      | 7,364        | 5.4             | P, S, T & D Plant | 3,169       | 4,107      | 114          |
| 202   | 39900     | Other Tangible Property                      | 7,341        | 5.4             | P, S, T & D Plant | 3,145       | 4,084      | 113          |
| 203   | 39901     | Other Tangible Property - Servers - HW       | 467,812      | 5.4             | P, S, T & D Plant | 200,389     | 260,224    | 7,200        |
| 204   | 39902     | Other Tangible Property - Servers - SAW      | 479,774      | 5.4             | P, S, T & D Plant | 205,513     | 266,878    | 7,394        |
| 205   | 39903     | Other Tangible Property - Network - HW       | 78,255       | 5.4             | P, S, T & D Plant | 35,521      | 43,530     | 1,204        |
| 206   | 39904     | Other Tang. Property - CPU                   | 902          | 5.4             | P, S, T & D Plant | 396         | 502        | 14           |
| 207   | 39905     | Other Tangible Property - MF - Hardware      | 810          | 5.4             | P, S, T & D Plant | 347         | 451        | 12           |
| 208   | 39906     | Other Tang. Property - PC Hardware           | 78,040       | 5.4             | P, S, T & D Plant | 33,888      | 43,744     | 1,210        |
| 209   | 39907     | Other Tang. Property - PC Software           | 29,710       | 5.4             | P, S, T & D Plant | 12,726      | 16,528     | 457          |
| 210   | 39908     | Other Tang. Property - Mainframe SW          | 4,660,798    | 5.4             | P, S, T & D Plant | 1,953,631   | 2,536,975  | 70,192       |
| 211   | 39909     | Other Tang. Property - Application Software  | 57,763       | 5.4             | P, S, T & D Plant | 24,743      | 32,131     | 889          |
| 212   | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 213   |           | Retirement Work in Progress                  | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 214   |           |  |              |                 |                   |             |            |              |
| 215   |           | Total General Plant                          | 6,783,719    |                 |                   | 2,905,825   | 3,773,490  | 104,404      |
| 216   |           |  |              |                 |                   |             |            |              |
| 217   |           | Shared Services Customer Support:            |              |                 |                   |             |            |              |
| 218   |           | General:                                     |              |                 |                   |             |            |              |
| 219   |           |  |              |                 |                   |             |            |              |
| 220   |           |  |              |                 |                   |             |            |              |
| 221   | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 222   | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 223   | 36602     | Structures & Improvements                    | 244,219      | 5.4             | P, S, T & D Plant | 104,612     | 135,949    | 3,759        |
| 224   | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 225   | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 226   | 39009     | Improvement to leased Premises               | 217,907      | 5.4             | P, S, T & D Plant | 93,341      | 121,212    | 3,364        |
| 227   | 39100     | Office Furniture & Equipment                 | 25,521       | 5.4             | P, S, T & D Plant | 10,932      | 14,199     | 393          |
| 228   | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 229   | 39103     | Office Machines                              | 10           | 5.4             | P, S, T & D Plant | 4           | 8          | 0            |
| 230   | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 231   | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 232   | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 233   | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 234   | 39400     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 235   | 39600     | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 236   | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 237   | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 238   | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 239   | 39700     | Communication Equipment                      | (339,726)    | 5.4             | P, S, T & D Plant | (145,523)   | (188,975)  | (5,229)      |
| 240   | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 241   | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 242   | 39705     | Communication Equip. - Telemetry             | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 243   | 39800     | Miscellaneous Equipment                      | 201          | 5.4             | P, S, T & D Plant | 86          | 112        | 3            |
| 244   | 39900     | Other Tangible Property                      | 17,622       | 5.4             | P, S, T & D Plant | 7,548       | 9,802      | 271          |
| 245   | 39901     | Other Tangible Property - Servers - HW       | 217,659      | 5.4             | P, S, T & D Plant | 93,235      | 121,075    | 3,350        |
| 246   | 39902     | Other Tangible Property - Servers - SW       | 61,188       | 5.4             | P, S, T & D Plant | 26,210      | 34,036     | 942          |
| 247   | 39903     | Other Tangible Property - Network - HW       | 6,690        | 5.4             | P, S, T & D Plant | 2,865       | 3,721      | 103          |
| 248   | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 249   | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -          | -            |
| 250   | 39906     | Other Tang. Property - PC Hardware           | (2,011)      | 5.4             | P, S, T & D Plant | (862)       | (1,119)    | (31)         |
| 251   | 39907     | Other Tang. Property - PC Software           | (298)        | 5.4             | P, S, T & D Plant | (127)       | (169)      | (5)          |
| 252   | 39908     | Other Tang. Property - Mainframe SW          | 2,859,326    | 5.4             | P, S, T & D Plant | 1,225,067   | 1,590,853  | 44,015       |
| 253   | 39909     | Other Tang. Property - Application Software  | 874          | 5.4             | P, S, T & D Plant | 289         | 376        | 10           |
| 254   | 39924     | Other Tang. Property - General Startup Costs | 1,495        | 5.4             | P, S, T & D Plant | 640         | 831        | 23           |
| 255   |           | Retirement Work in Progress                  | 462          | 5.4             | P, S, T & D Plant | 199         | 257        | 7            |
| 256   |           |  |              |                 |                   |             |            |              |
| 257   |           | Total General Plant                          | 3,311,541    |                 |                   | 1,418,608   | 1,842,067  | 50,966       |
| 258   |           |  |              |                 |                   |             |            |              |
| 259   |           | TOTAL RESERVE FOR DEPRECIATION               | 179,617,428  |                 |                   | 91,713,673  | 85,220,139 | 2,683,617    |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |              |          |                        |              |              |             |
|--|---|--------------|----------|------------------------|--------------|--------------|-------------|
| Class Cost of Service - Demand-Only Study                |   |              |          |                        |              |              |             |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |              |          |                        |              |              |             |
| CLASSIFICATION OF OTHER RATE BASE                        |   |              |          |                        |              |              |             |
|  | Test Year                                   | Classif.     | Classif. | Customer               | Demand       | Commodity    |             |
|  | \$  | Factor       | Basis    | \$                     | \$           | \$           |             |
| 1  | Rate Base Additions:                        |              |          |                        |              |              |             |
| 2  |   |              |          |                        |              |              |             |
| 3  | Materials and Supplies - KY Direct          | (735,803)    | 9.1      | Allocated O&M Expenses | (93,720)     | (83,517)     | (558,566)   |
| 4  | Materials and Supplies - KY Mid-States GO   | 1,206,937    | 9.1      | Allocated O&M Expenses | 153,729      | 136,992      | 916,216     |
| 5  | Materials and Supplies - Shared Services GO | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -           |
| 6  | Materials and Supplies - Shared Services CS | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -           |
| 7  | Gas Storage Inventory                       | 6,229,573    | 3.0      | Commodity              | -            | -            | 6,229,573   |
| 8  | Prepayments - KY Direct                     | 198,051      | 9.1      | Allocated O&M Expenses | 25,226       | 22,480       | 150,345     |
| 9  | Prepayments - KY Mid-States GO              | 1,577        | 9.1      | Allocated O&M Expenses | 201          | 179          | 1,197       |
| 10   | Prepayments - Shared Services GO            | 1,354,285    | 9.1      | Allocated O&M Expenses | 172,497      | 153,717      | 1,028,071   |
| 11   | Prepayments - Shared Services CS            | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -           |
| 12   | Cash Working Capital                        | 3,184,324    | 9.1      | Allocated O&M Expenses | 405,592      | 361,433      | 2,417,299   |
| 13   | Regulatory Assets                           | 368,199      | 9.1      | Allocated O&M Expenses | 48,898       | 41,792       | 279,509     |
| 14   |   |              |          |                        |              |              |             |
| 15   | Total Rate Base Additions                   | 11,807,144   |          |                        | 710,423      | 633,076      | 10,463,645  |
| 16   |   |              |          |                        |              |              |             |
| 17   |   |              |          |                        |              |              |             |
| 18   | Rate Base Deductions:                       |              |          |                        |              |              |             |
| 19   |   |              |          |                        |              |              |             |
| 20   | Customer Advances - KY Direct               | (1,767,642)  | 1.0      | Customer               | (1,767,642)  | -            | -           |
| 21   | Customer Advances - KY Mid-States GO        | 0            | 1.0      | Customer               | -            | -            | -           |
| 22   | Customer Advances - Shared Services GO      | 0            | 1.0      | Customer               | -            | -            | -           |
| 23   | Customer Advances - Shared Services CS      | 0            | 1.0      | Customer               | -            | -            | -           |
| 24   | ADIT - KY Direct                            | (79,366,383) | 5.7      | Net Plant              | (30,972,508) | (47,155,863) | (1,238,012) |
| 25   | ADIT - KY Mid-States GO                     | (139,007)    | 5.7      | Net Plant              | (54,247)     | (82,591)     | (2,168)     |
| 26   | ADIT - Shared Services GO                   | 25,085,748   | 5.7      | Net Plant              | 9,789,643    | 14,904,801   | 391,305     |
| 27   | ADIT - Shared Services CS                   | (1,688,954)  | 5.7      | Net Plant              | (659,110)    | (1,003,499)  | (26,345)    |
| 28   | Change in Net Operating Loss Carryforward   | (5,811,617)  | 5.7      | Net Plant              | (2,267,967)  | (3,452,986)  | (90,654)    |
| 29   |   |              |          |                        |              |              |             |
| 30   | Total Rate Base Deductions                  | (63,687,855) |          |                        | (25,931,831) | (36,790,149) | (965,875)   |
| 31   |   |              |          |                        |              |              |             |
| 32   |   |              |          |                        |              |              |             |
| 33   | TOTAL OTHER RB                              | (51,880,711) |          |                        | (25,221,408) | (36,157,073) | 9,497,770   |
| 34   |   |              |          |                        |              |              |             |
| 35   | Interest on Customer Deposits               | 0            | 1.0      | Customer               | -            | -            | -           |



| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |               |                 |   |             |            |              |
|--|-----------|---------------|-----------------|---|-------------|------------|--------------|
| Class Cost of Service - Demand-Only Study                |           |               |                 |   |             |            |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |               |                 |   |             |            |              |
| CLASSIFICATION OF O&M EXPENSE                            |           |               |                 |   |             |            |              |
| Line No.   | Acct. No. | Total Year \$ | Classif. Factor | Classif. Basis  | Customer \$ | Demand \$  | Commodity \$ |
| 94   |           |               |                 |   |             |            |              |
| 95   |           |               |                 |   |             |            |              |
| 96   | 8700      | 1,066,340     | 10.0            | Composite of Accts. 871-879 & 886-893                 | 430,946     | 633,074    | 2,318        |
| 97   | 8710      | 1,775         | 3.0             | Commodity   | -           | -          | 1,775        |
| 98   | 8711      | 9,754         | 3.0             | Commodity   | -           | -          | 9,754        |
| 99   | 8720      | 0             | 3.0             | Commodity   | -           | -          | -            |
| 99   | 8740      | 3,853,350     | 4.1             | Mains & Services                                      | 1,106,807   | 2,546,542  | -            |
| 100  | 8750      | 333,588       | 12.0            | Composite of Accts. 374-379                           | -           | 393,588    | -            |
| 101  | 8760      | 32,536        | 1.0             | Customer  | 32,536      | -          | -            |
| 102  | 8770      | 114,999       | 12.0            | Composite of Accts. 374-379                           | -           | 114,999    | -            |
| 103  | 8780      | 884,900       | 1.0             | Customer  | 884,900     | -          | -            |
| 104  | 8790      | 989           | 1.0             | Customer  | 989         | -          | -            |
| 105  | 8800      | 207,678       | 10.0            | Composite of Accts. 871-879 & 886-893                 | 63,931      | 123,296    | 451          |
| 105  | 8810      | 404,667       | 10.0            | Composite of Accts. 871-879 & 886-893                 | 163,541     | 240,246    | 860          |
| 107  |           |               |                 |   |             |            |              |
| 108  | 8850      | 2,200         | 10.0            | Composite of Accts. 871-879 & 886-893                 | 889         | 1,306      | 5            |
| 109  | 8860      | 21,234        | 12.0            | Composite of Accts. 374-379                           | -           | 21,234     | -            |
| 110  | 8870      | 42,538        | 12.0            | Composite of Accts. 374-379                           | -           | 42,538     | -            |
| 111  | 8880      | 0             | 3.0             | Commodity   | -           | -          | -            |
| 112  | 8890      | 6,135         | 12.0            | Composite of Accts. 374-379                           | -           | 6,135      | -            |
| 113  | 8910      | 9,733         | 1.0             | Customer  | 9,733       | -          | -            |
| 114  | 8920      | 23,795        | 12.0            | Composite of Accts. 374-379                           | -           | 23,795     | -            |
| 115  | 8930      | 3,522         | 1.0             | Customer  | 3,522       | -          | -            |
| 116  | 8940      | 105,292       | 1.0             | Customer  | 105,292     | -          | -            |
| 117  | 8950      | 69,009        | 10.0            | Composite of Accts. 871-879 & 886-893                 | 27,888      | 40,970     | 150          |
| 118  |           |               |                 |   |             |            |              |
| 119  |           | 7,023,731     | 10.0            |   | 2,860,677   | 4,187,720  | 15,334       |
| 120  |           |               |                 |   |             |            |              |
| 121  | 9010      | 0             | 1.0             | Customer  | -           | -          | -            |
| 122  | 9020      | 1,130,015     | 1.0             | Customer  | 1,130,015   | -          | -            |
| 123  | 9030      | 377,024       | 1.0             | Customer  | 377,024     | -          | -            |
| 124  | 9040      | 313,426       | 1.0             | Customer  | 313,426     | -          | -            |
| 125  | 9060      | 0             | 1.0             | Customer  | -           | -          | -            |
| 126  |           | 1,820,465     |                 |   | 1,820,465   | 0          | 0            |
| 127  |           |               |                 |   |             |            |              |
| 128  |           |               |                 |   |             |            |              |
| 129  | 9070      | 0             | 1.0             | Customer  | -           | -          | -            |
| 130  | 9080      | 0             | 1.0             | Customer  | -           | -          | -            |
| 131  | 9090      | 122,978       | 1.0             | Customer  | 122,978     | -          | -            |
| 132  | 9100      | 179           | 1.0             | Customer  | 179         | -          | -            |
| 133  |           | 123,157       |                 |   | 123,157     | 0          | 0            |
| 134  |           |               |                 |   |             |            |              |
| 135  |           |               |                 |   |             |            |              |
| 136  | 9110      | 252,261       | 1.0             | Customer  | 252,261     | -          | -            |
| 137  | 9120      | 54,618        | 1.0             | Customer  | 54,618      | -          | -            |
| 138  | 9130      | 22,474        | 1.0             | Customer  | 22,474      | -          | -            |
| 139  | 9160      | (45,796)      | 1.0             | Customer  | (45,796)    | -          | -            |
| 140  |           | 283,557       |                 |   | 283,557     | 0          | 0            |
| 141  |           |               |                 |   |             |            |              |
| 142  |           |               |                 |   |             |            |              |
| 143  |           |               |                 |   |             |            |              |
| 144  | 9200      | (1,387,175)   | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (729,618)   | (655,141)  | (2,416)      |
| 145  | 9210      | 6,948         | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 3,602       | 3,234      | 12           |
| 146  | 9220      | 14,025,277    | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 7,376,933   | 6,623,917  | 24,427       |
| 147  | 9220      | 14,025,277    | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 7,376,933   | 6,623,917  | 24,427       |
| 148  | 9230      | 186,924       | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 98,317      | 88,281     | 326          |
| 149  | 9240      | 8,157         | 5.7             | Net Plant   | 3,183       | 4,647      | 127          |
| 150  | 9250      | 214,489       | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 112,905     | 101,290    | 374          |
| 151  | 9260      | 2,167,589     | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 1,150,620   | 1,033,168  | 3,610        |
| 152  | 9270      | 83            | 1.0             | Customer  | 83          | -          | -            |
| 153  | 9280      | 278,594       | 1.0             | Customer  | 278,594     | -          | -            |
| 154  | 930.1     |               | 1.0             | Customer  | -           | -          | -            |
| 155  | 930.2     | (23,670)      | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (12,490)    | (11,179)   | (41)         |
| 156  | 9310      | (10,359)      | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (5,444)     | (4,889)    | (16)         |
| 157  |           |               |                 |   |             |            |              |
| 158  | 9320      | 1,458         | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 767         | 689        | 3            |
| 159  |           | 15,480,214    |                 |   | 8,277,393   | 7,184,219  | 26,602       |
| 160  |           |               |                 |   |             |            |              |
| 161  |           | 104,852,786   |                 |   | 13,355,249  | 11,801,187 | 79,696,328   |





Almos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

CLASSIFICATION OF DEPRECIATION EXPENSE

| Line No. | Acct. No.                           | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$ | Commodity \$ |
|----------|-------------------------------------|--------------|-----------------|-------------------|-------------|-----------|--------------|
| 82       | General:                            |              |                 |                   |             |           |              |
| 83       |                                     |              |                 |                   |             |           |              |
| 84       | 39900                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 85       | 39000                               | 197,482      | 5.4             | P, S, T & D Plant | 84,592      | 109,851   | 3,039        |
| 86       | 39001                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 87       | 39002                               | 6,509        | 5.4             | P, S, T & D Plant | 2,788       | 3,621     | 100          |
| 88       | 39003                               | 26,666       | 5.4             | P, S, T & D Plant | 11,422      | 14,833    | 410          |
| 89       | 39004                               | 281          | 5.4             | P, S, T & D Plant | 120         | 156       | 4            |
| 90       | 39009                               | 233,163      | 5.4             | P, S, T & D Plant | 99,876      | 129,698   | 3,588        |
| 91       | 39100                               | 130,055      | 5.4             | P, S, T & D Plant | 55,710      | 72,344    | 2,002        |
| 92       | 39102                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 93       | 39103                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 94       | 39200                               | 23,884       | 5.4             | P, S, T & D Plant | 10,231      | 13,286    | 368          |
| 95       | 39201                               | 1,436        | 5.4             | P, S, T & D Plant | 615         | 799       | 22           |
| 96       | 39202                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 97       | 39300                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 98       | 39400                               | 72,746       | 5.4             | P, S, T & D Plant | 31,161      | 40,466    | 1,120        |
| 99       | 39600                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 100      | 39603                               | 184          | 5.4             | P, S, T & D Plant | 79          | 102       | 3            |
| 101      | 39604                               | 244          | 5.4             | P, S, T & D Plant | 105         | 136       | 4            |
| 102      | 39605                               | 6,471        | 5.4             | P, S, T & D Plant | 2,772       | 3,600     | 100          |
| 103      | 39700                               | 26,973       | 5.4             | P, S, T & D Plant | 11,554      | 15,004    | 415          |
| 104      | 39701                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 105      | 39702                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 106      | 39705                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 107      | 39800                               | 215,121      | 5.4             | P, S, T & D Plant | 92,147      | 119,662   | 3,311        |
| 108      | 39800                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 109      | 39901                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 110      | 39902                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 111      | 39903                               | 9,471        | 5.4             | P, S, T & D Plant | 4,057       | 5,258     | 146          |
| 112      | 39904                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 113      | 39905                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 114      | 39906                               | 332,088      | 5.4             | P, S, T & D Plant | 142,251     | 184,726   | 5,111        |
| 115      | 39907                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 116      | 39908                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 117      |                                     | 609,648      | 5.4             | P, S, T & D Plant | 261,144     | 339,121   | 9,383        |
| 118      |                                     |              |                 |                   |             |           |              |
| 119      |                                     |              |                 |                   |             |           |              |
| 120      | Total General Plant                 | 1,892,422    |                 |                   | 810,624     | 1,052,672 | 29,125       |
| 121      |                                     |              |                 |                   |             |           |              |
| 122      | TOTAL DIRECT DEPRECIATION EXPENSE   | 18,108,237   |                 |                   | 10,369,572  | 7,574,563 | 164,102      |
| 123      |                                     |              |                 |                   |             |           |              |
| 124      | Kentucky Mid-States General Office: |              |                 |                   |             |           |              |
| 125      |                                     |              |                 |                   |             |           |              |
| 126      | Intangible Plant:                   |              |                 |                   |             |           |              |
| 127      |                                     |              |                 |                   |             |           |              |
| 128      | 30100                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 129      | 30200                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 130      | 30300                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 131      |                                     |              |                 |                   |             |           |              |
| 132      | Total Intangible Plant:             | 0            |                 |                   | 0           | 0         | 0            |
| 133      |                                     |              |                 |                   |             |           |              |
| 134      | General:                            |              |                 |                   |             |           |              |
| 135      |                                     |              |                 |                   |             |           |              |
| 136      | 37400                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 137      | 39001                               | 2,359        | 5.4             | P, S, T & D Plant | 1,011       | 1,312     | 36           |
| 138      | 39002                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 139      | 39900                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 140      | 39004                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 141      | 39009                               | 3,760        | 5.4             | P, S, T & D Plant | 1,611       | 2,082     | 59           |
| 142      | 39100                               | 611          | 5.4             | P, S, T & D Plant | 262         | 340       | 9            |
| 143      | 39102                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 144      | 39103                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 145      | 39200                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 146      | 39201                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 147      | 39202                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 148      | 39300                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 149      | 39400                               | 1,192        | 5.4             | P, S, T & D Plant | 510         | 663       | 18           |
| 150      | 39600                               | 5            | 5.4             | P, S, T & D Plant | 2           | 3         | 0            |
| 151      | 39603                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 152      | 39604                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 153      | 39605                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 154      | 39700                               | 2,600        | 5.4             | P, S, T & D Plant | 1,114       | 1,446     | 40           |
| 155      | 39701                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 156      | 39702                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 157      | 39705                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 158      | 39800                               | 15,028       | 5.4             | P, S, T & D Plant | 6,437       | 8,360     | 231          |
| 159      | 39900                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 160      | 39901                               | 10,645       | 5.4             | P, S, T & D Plant | 4,560       | 5,921     | 164          |
| 161      | 39902                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 162      | 39903                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 163      | 39904                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 164      | 39905                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 165      | 39906                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 166      | 39907                               | 4,084        | 5.4             | P, S, T & D Plant | 1,749       | 2,272     | 63           |
| 167      | 39908                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 168      | 39909                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 169      | 39924                               |              | 5.4             | P, S, T & D Plant |             |           |              |
| 170      |                                     |              |                 |                   |             |           |              |
| 171      |                                     |              |                 |                   |             |           |              |
| 172      | Total General Plant                 | 40,284       |                 |                   | 17,256      | 22,408    | 620          |

Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

CLASSIFICATION OF DEPRECIATION EXPENSE

| Line No. | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$ | Commodity \$ |
|----------|-----------|--|--------------|-----------------|-------------------|-------------|-----------|--------------|
| 173      |           |  |              |                 |                   |             |           |              |
| 174      |           | Shared Services General Office:              |              |                 |                   |             |           |              |
| 175      |           |  |              |                 |                   |             |           |              |
| 176      |           | General:                                     |              |                 |                   |             |           |              |
| 177      |           |  |              |                 |                   |             |           |              |
| 178      | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 179      | 39000     | Structures & Improvements                    | 7,963        | 5.4             | P, S, T & D Plant | 3,411       | 4,430     | 123          |
| 180      | 36602     | Structures & Improvements                    | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 181      | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 182      | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 183      | 39009     | Improvement to leased Premises               | 16,532       | 5.4             | P, S, T & D Plant | 7,081       | 9,196     | 264          |
| 184      | 39100     | Office Furniture & Equipment                 | 23,439       | 5.4             | P, S, T & D Plant | 10,040      | 13,038    | 361          |
| 185      | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 186      | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 187      | 39200     | Transportation Equipment                     | 38           | 5.4             | P, S, T & D Plant | 16          | 21        | 1            |
| 188      | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 189      | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 190      | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 191      | 39400     | Tools, Shop & Garage Equipment               | 7,193        | 5.4             | P, S, T & D Plant | 3,081       | 4,001     | 111          |
| 192      | 39500     | Laboratory Equipment                         | 125          | 5.4             | P, S, T & D Plant | 53          | 69        | 2            |
| 193      | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 194      | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 195      | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 196      | 39700     | Communication Equipment                      | 7,842        | 5.4             | P, S, T & D Plant | 3,359       | 4,362     | 121          |
| 197      | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 198      | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 199      | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 200      | 39800     | Miscellaneous Equipment                      | 1,534        | 5.4             | P, S, T & D Plant | 657         | 853       | 24           |
| 201      | 39900     | Other Tangible Property                      | 1,154        | 5.4             | P, S, T & D Plant | 494         | 642       | 18           |
| 202      | 39901     | Other Tangible Property - Servers - H/W      | 156,799      | 5.4             | P, S, T & D Plant | 67,166      | 87,221    | 2,413        |
| 203      | 39902     | Other Tangible Property - Servers - S/W      | 90,772       | 5.4             | P, S, T & D Plant | 38,883      | 50,493    | 1,397        |
| 204      | 39903     | Other Tangible Property - Network - H/W      | 12,500       | 5.4             | P, S, T & D Plant | 5,355       | 6,953     | 192          |
| 205      | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 206      | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 207      | 39906     | Other Tang. Property - PC Hardware           | 12,679       | 5.4             | P, S, T & D Plant | 5,431       | 7,053     | 195          |
| 208      | 39907     | Other Tang. Property - PC Software           | 2,392        | 5.4             | P, S, T & D Plant | 1,025       | 1,330     | 37           |
| 209      | 39908     | Other Tang. Property - Mainframe S/W         | 421,498      | 5.4             | P, S, T & D Plant | 180,560     | 234,461   | 6,487        |
| 210      | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 211      | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 212      |           |  |              |                 |                   |             |           |              |
| 213      |           |  |              |                 |                   |             |           |              |
| 214      |           | Total General Plant                          | 762,460      |                 |                   | 326,602     | 424,124   | 11,735       |
| 215      |           |  |              |                 |                   |             |           |              |
| 216      |           | Shared Services Customer Support:            |              |                 |                   |             |           |              |
| 217      |           |  |              |                 |                   |             |           |              |
| 218      |           | General:                                     |              |                 |                   |             |           |              |
| 219      |           |  |              |                 |                   |             |           |              |
| 220      | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 221      | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 222      | 36602     | Structures & Improvements                    | 25,216       | 5.4             | P, S, T & D Plant | 10,801      | 14,027    | 388          |
| 223      | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 224      | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 225      | 39009     | Improvement to leased Premises               | 7,980        | 5.4             | P, S, T & D Plant | 3,418       | 4,439     | 123          |
| 226      | 39100     | Office Furniture & Equipment                 | 5,196        | 5.4             | P, S, T & D Plant | 2,226       | 2,890     | 80           |
| 227      | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 228      | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 229      | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 230      | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 231      | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 232      | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 233      | 39400     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 234      | 39600     | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 235      | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 236      | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 237      | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 238      | 39700     | Communication Equipment                      | 6,731        | 5.4             | P, S, T & D Plant | 2,883       | 3,744     | 104          |
| 239      | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 240      | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 241      | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 242      | 39800     | Miscellaneous Equipment                      | 186          | 5.4             | P, S, T & D Plant | 80          | 103       | 3            |
| 243      | 39900     | Other Tangible Property                      | 4,824        | 5.4             | P, S, T & D Plant | 2,066       | 2,683     | 74           |
| 244      | 39901     | Other Tangible Property - Servers - H/W      | 44,486       | 5.4             | P, S, T & D Plant | 19,056      | 24,746    | 685          |
| 245      | 39902     | Other Tangible Property - Servers - S/W      | 9,370        | 5.4             | P, S, T & D Plant | 4,014       | 5,212     | 144          |
| 246      | 39903     | Other Tangible Property - Network - H/W      | 2,533        | 5.4             | P, S, T & D Plant | 1,085       | 1,409     | 39           |
| 247      | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 248      | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 249      | 39906     | Other Tang. Property - PC Hardware           | 6,301        | 5.4             | P, S, T & D Plant | 2,699       | 3,505     | 97           |
| 250      | 39907     | Other Tang. Property - PC Software           | 780          | 5.4             | P, S, T & D Plant | 334         | 434       | 12           |
| 251      | 39908     | Other Tang. Property - Mainframe S/W         | 419,883      | 5.4             | P, S, T & D Plant | 179,858     | 233,563   | 6,462        |
| 252      | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 253      | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 254      |           |  |              |                 |                   |             |           |              |
| 255      |           |  |              |                 |                   |             |           |              |
| 256      |           | Total General Plant                          | 533,485      |                 |                   | 228,520     | 296,765   | 8,211        |
| 257      |           |  |              |                 |                   |             |           |              |
| 258      |           | TOTAL DEPRECIATION EXPENSE                   | 19,444,466   |                 |                   | 10,941,949  | 8,317,860 | 184,667      |

| Almos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Demand-Only Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                      |           |          |                        |           |           |           |
|---|--------------------------------------|-----------|----------|------------------------|-----------|-----------|-----------|
| CLASSIFICATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX  |                                      |           |          |                        |           |           |           |
|   | Test Year                            | Classif.  | Classif. | Customer               | Demand    | Commodity |           |
|   | \$                                   | Factor    | Basis    | \$                     | \$        | \$        |           |
| 1   | Taxes Other Than Income              |           |          |                        |           |           |           |
| 2   |                                      |           |          |                        |           |           |           |
| 3   | Non Revenue Related:                 |           |          |                        |           |           |           |
| 4   | Payroll Related                      | 735,895   | 9.1      | Allocated O&M Expenses | 93,732    | 83,527    | 558,636   |
| 5   | Property Related                     | 4,883,380 | 5.4      | P, S, T & D Plant      | 2,134,636 | 2,772,028 | 76,696    |
| 6   | DOT transmission User Tax            | 63,670    | 9.1      | Allocated O&M Expenses | 9,135     | 7,249     | 48,485    |
| 7   | Other                                | 0         | 9.1      | Allocated O&M Expenses | -         | -         | -         |
| 8   | Total Non Revenue Related:           | 5,783,125 |          |                        | 2,236,503 | 2,862,804 | 683,817   |
| 9   |                                      |           |          |                        |           |           |           |
| 10  | Revenue Related:                     |           |          |                        |           |           |           |
| 11  | State Gross Receipts - Tax           | 0         | 99.0     | -                      | -         | -         |           |
| 12  | Local Gross Receipts - Tax           | 0         | 99.0     | -                      | -         | -         |           |
| 13  | Public Service Commission Assessment | 317,096   | 3.0      | Commodity              | -         | -         | 317,096   |
| 14  | Total Revenue Related:               | 317,096   |          |                        | 0         | 0         | 317,096   |
| 15  |                                      |           |          |                        |           |           |           |
| 16  | Total Taxes, Other Than Income       | 6,100,220 |          |                        | 2,236,503 | 2,862,804 | 1,000,912 |
| 17  |                                      |           |          |                        |           |           |           |
| 18  |                                      |           |          |                        |           |           |           |
| 19  | Interest Expense                     | 7,757,734 | 13.0     | Rate Base              | 2,912,509 | 4,486,122 | 359,103   |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                             |             |          |          |             |             |            |
|--|-----------------------------|-------------|----------|----------|-------------|-------------|------------|
| Class Cost of Service - Demand-Only Study                |                             |             |          |          |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                             |             |          |          |             |             |            |
| SUMMARY OF CLASSIFICATION                                |                             |             |          |          |             |             |            |
|  |                             | Test Year   | Classif. | Classif. | Customer    | Demand      | Commodity  |
|  |                             | \$          | Factor   | Basis    | \$          | \$          | \$         |
| 7  | Operating Revenues          | 166,804,655 |          |          | 40,202,165  | 44,135,312  | 82,467,178 |
| 9  | Operating Expenses:         |             |          |          |             |             |            |
| 11   | Operating & Maintenance     | 104,852,766 |          |          | 13,355,249  | 11,901,197  | 79,596,320 |
| 12   | Depreciation & Amortization | 19,444,466  |          |          | 10,941,949  | 8,317,850   | 184,667    |
| 13   | Taxes Other Than Income     | 6,100,220   |          |          | 2,236,503   | 2,862,804   | 1,000,912  |
| 15   | Total Operating Expenses    | 130,397,452 |          |          | 26,533,701  | 23,081,851  | 80,781,900 |
| 17   | Income Before Taxes         | 36,407,203  |          |          | 13,668,464  | 21,053,461  | 1,685,279  |
| 19   | Interest Expense            | 7,757,734   |          |          | 2,912,509   | 4,486,122   | 359,103    |
| 21   | Income Taxes:               |             |          |          |             |             |            |
| 23   | State Income Taxes          | 1,718,968   | 6.00%    |          | 645,357     | 994,040     | 79,571     |
| 24   | Federal Income Taxes        | 9,425,675   | 35.00%   |          | 3,538,709   | 5,450,655   | 436,312    |
| 25   | Total Deferred Income Taxes | 0           |          |          | 0           | 0           | 0          |
| 26   | Amortization of ITC         | 0           |          |          | 0           | 0           | 0          |
| 28   | Total Income Taxes          | 11,144,644  |          |          | 4,184,066   | 6,444,695   | 515,882    |
| 30   | Net Income                  | 25,262,560  |          |          | 9,484,397   | 14,608,766  | 1,169,396  |
| 32   | Total Rate Base             | 335,832,639 |          |          | 126,082,636 | 194,204,410 | 15,545,593 |
| 34   | Rate of Return              | 7.5224%     |          |          | 7.5224%     | 7.5224%     | 7.5224%    |

| Almos Energy Corporation, Kentucky/Mid-States Division   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| ALLOCATION OF PLANT IN SERVICE                           |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Customer                            | Allocation Factor | Allocation Basis             | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  |           | Intangible Plant:                   |                   |                              |               |                   |                    |                             |                |                         |
| 2  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 3  | 30100     | Organization                        | 6.2               | P, S, T & D Plant - Customer | 3,568         | 2,644             | 875                | 3                           | 30             | 17                      |
| 4  | 30200     | Franchise & Consents                | 6.2               | P, S, T & D Plant - Customer | 61,339        | 38,040            | 12,584             | 39                          | 429            | 247                     |
| 5  | 30900     | Misc Intangible Plant               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 6  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 7  |           | Total Intangible Plant:             |                   |                              | 54,907        | 40,684            | 13,459             | 42                          | 459            | 264                     |
| 8  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 9  |           | Production Plant:                   |                   |                              |               |                   |                    |                             |                |                         |
| 10   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 11   | 32520     | Producing Leaseholds                | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 12   | 32540     | Rights of Ways                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 13   | 33100     | Production Gas Wells Equipment      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 14   | 33201     | Field Lines                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 15   | 33202     | Tributary Lines                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 16   | 33400     | Field Meas. & Reg. Sta. Equip       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 17   | 33600     | Purification Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 18   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 19   |           | Total Production Plant              |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 20   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 21   |           | Storage Plant:                      |                   |                              |               |                   |                    |                             |                |                         |
| 22   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 23   | 35010     | Land                                | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 24   | 35020     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 25   | 35100     | Structures and Improvements         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 26   | 35102     | Compression Station Equipment       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 27   | 35103     | Meas. & Reg. Sta. Structures        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 28   | 35104     | Other Structures                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 29   | 35200     | Wells & Rights of Way               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 30   | 35201     | Well Construction                   | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 31   | 35202     | Well Equipment                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 32   | 35303     | Gaslift Gas                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 33   | 35210     | Leaseholds                          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 34   | 35211     | Storage Rights                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 35   | 35301     | Field Lines                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 36   | 35302     | Tributary Lines                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 37   | 35400     | Compressor Station Equipment        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 38   | 35500     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 39   | 35600     | Purification Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 40   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 41   |           | Total Storage Plant                 |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 42   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 43   |           | Transmission:                       |                   |                              |               |                   |                    |                             |                |                         |
| 44   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 45   | 36510     | Land & Land Rights                  | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 46   | 36520     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 47   | 36602     | Structures & Improvements           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 48   | 36603     | Other Structures                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 49   | 36700     | Mains Cathodic Protection           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 50   | 36701     | Mains - Steel                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 51   | 36900     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 52   | 36901     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 53   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 54   |           | Total Transmission Plant            |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 55   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 56   |           | Distribution:                       |                   |                              |               |                   |                    |                             |                |                         |
| 57   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 58   | 37400     | Land & Land Rights                  | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 59   | 37401     | Land                                | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 60   | 37402     | Land Rights                         | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 61   | 37403     | Land Other                          | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 62   | 37500     | Structures & Improvements           | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 63   | 37501     | Structures & Improvements T.B.      | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 64   | 37502     | Land Rights                         | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 65   | 37503     | Improvements                        | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 66   | 37600     | Mains Cathodic Protection           | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 67   | 37601     | Mains - Steel                       | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 68   | 37602     | Mains - Plastic                     | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 69   | 37800     | Meas. & Reg. Sta. Equip - General   | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 70   | 37800     | Meas. & Reg. Sta. Equip - City Gate | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 71   | 37805     | Meas. & Reg. Sta. Equipment T.B.    | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 72   | 38000     | Services                            | 2.0               | Bills                        | 118,202,045   | 105,214,236       | 12,849,414         | 7,692                       | 62,967         | 47,834                  |
| 73   | 38100     | Meters                              | 4.0               | Meter Investment             | 34,690,279    | 20,730,810        | 12,918,067         | 57,268                      | 624,957        | 350,350                 |
| 74   | 38200     | Meter Installations                 | 4.0               | Meter Investment             | 61,632,550    | 30,855,170        | 19,227,063         | 85,298                      | 930,179        | 534,852                 |
| 75   | 38300     | House Regulators                    | 4.0               | Meter Investment             | 8,425,356     | 5,034,921         | 3,137,459          | 13,914                      | 151,786        | 87,277                  |
| 76   | 38400     | House Reg. Installations            | 4.0               | Meter Investment             | 154,276       | 92,194            | 67,450             | 255                         | 2,779          | 1,698                   |
| 77   | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 2.2               | Non-Residential Bills        | 5,433,873     |                   | 5,375,972          | 3,216                       | 34,670         | 20,013                  |
| 78   | 38600     | Other Prop. On Cust. Prem           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 79   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 80   |           | Total Distribution Plant            |                   |                              | 218,539,374   | 161,927,134       | 53,585,445         | 167,632                     | 1,827,239      | 1,050,624               |

| Almos Energy Corporation, Kentucky/Mid-States Division   |  | Class Cost of Service - Demand-Only Study |                              |             |             |            |         |           |           |
|--|--|---|------------------------------|-------------|-------------|------------|---------|-----------|-----------|
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |   |                              |             |             |            |         |           |           |
| ALLOCATION OF PLANT IN SERVICE                           |  |   |                              |             |             |            |         |           |           |
| 81   | General:   |   |                              |             |             |            |         |           |           |
| 82   |  |   |                              |             |             |            |         |           |           |
| 83   |  |   |                              |             |             |            |         |           |           |
| 84   | 38800 Land & Land Rights                           | 6.2                                       | P, S, T & D Plant - Customer | 440,068     | 326,071     | 107,864    | 338     | 3,679     | 2,119     |
| 85   | 39000 Structures & Improvements                    | 6.2                                       | P, S, T & D Plant - Customer | 2,242,613   | 1,661,676   | 549,682    | 1,720   | 18,731    | 10,784    |
| 86   | 39001 Structures Frame                             | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 87   | 39002 Structures-Bulk                              | 6.2                                       | P, S, T & D Plant - Customer | 74,154      | 54,545      | 18,176     | 57      | 620       | 357       |
| 88   | 39003 Improvements                                 | 6.2                                       | P, S, T & D Plant - Customer | 303,787     | 225,093     | 74,461     | 233     | 2,540     | 1,491     |
| 89   | 39004 Air Conditioning Equipment                   | 6.2                                       | P, S, T & D Plant - Customer | 3,186       | 2,368       | 783        | 2       | 27        | 15        |
| 90   | 39009 Improvement to leased Premises               | 6.2                                       | P, S, T & D Plant - Customer | 533,811     | 395,530     | 130,841    | 409     | 4,463     | 2,567     |
| 91   | 39100 Office Furniture & Equipment                 | 6.2                                       | P, S, T & D Plant - Customer | 932,499     | 616,844     | 204,052    | 639     | 6,961     | 4,003     |
| 92   | 39102 Remittance Processing Equip                  | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 93   | 39103 Office Machines                              | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 94   | 39200 Transportation Equipment                     | 6.2                                       | P, S, T & D Plant - Customer | 155,452     | 115,183     | 38,102     | 119     | 1,300     | 748       |
| 95   | 39201 Trucks                                       | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 96   | 39202 Trailers                                     | 6.2                                       | P, S, T & D Plant - Customer | 14,218      | 10,535      | 3,485      | 11      | 119       | 88        |
| 97   | 39300 Stores Equipment                             | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 98   | 39400 Tools, Shop & Garage Equipment               | 6.2                                       | P, S, T & D Plant - Customer | 1,136,983   | 842,439     | 278,679    | 672     | 9,500     | 5,468     |
| 99   | 39600 Power Operated Equipment                     | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 100  | 39903 Ditchers                                     | 6.2                                       | P, S, T & D Plant - Customer | 20,262      | 15,013      | 4,968      | 16      | 169       | 97        |
| 101  | 39904 Backhoes                                     | 6.2                                       | P, S, T & D Plant - Customer | 26,678      | 19,916      | 6,588      | 21      | 225       | 129       |
| 102  | 39905 Welders                                      | 6.2                                       | P, S, T & D Plant - Customer | 14,237      | 10,649      | 3,499      | 11      | 119       | 88        |
| 103  | 39700 Communication Equipment                      | 6.2                                       | P, S, T & D Plant - Customer | 172,529     | 127,808     | 42,312     | 132     | 1,443     | 830       |
| 104  | 39701 Communication Equipment - Mobile Radios      | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 105  | 39702 Communication Equipment - Fixed Radios       | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 106  | 39705 Communication Equip. - Telemetering          | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 107  | 39900 Miscellaneous Equipment                      | 6.2                                       | P, S, T & D Plant - Customer | 1,837,056   | 1,361,178   | 450,277    | 1,409   | 15,360    | 8,834     |
| 108  | 39901 Other Tangible Property                      | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 109  | 39901 Other Tangible Property - Servers - HW       | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 110  | 39902 Other Tangible Property - Servers - SW       | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 111  | 39903 Other Tangible Property - Network - HW       | 6.2                                       | P, S, T & D Plant - Customer | 40,559      | 30,060      | 9,944      | 31      | 339       | 195       |
| 112  | 39904 Other Tang. Property - CPU                   | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 113  | 39905 Other Tangible Property - MF - Hardware      | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 114  | 39905 Other Tang. Property - PC Hardware           | 6.2                                       | P, S, T & D Plant - Customer | 705,374     | 522,651     | 172,893    | 541     | 5,898     | 3,392     |
| 115  | 39907 Other Tang. Property - PC Software           | 6.2                                       | P, S, T & D Plant - Customer | 5,891       | 4,365       | 1,444      | 5       | 49        | 28        |
| 116  | 39908 Other Tang. Property - Mainframe SW          | 6.2                                       | P, S, T & D Plant - Customer | 52,908      | 39,202      | 12,988     | 41      | 442       | 254       |
| 117  | 39909 Other Tang. Property - Application Software  | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 118  | 39924 Other Tang. Property - General Startup Costs | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 119  |  |   |                              |             |             |            |         |           |           |
| 120  | Total General Plant                                |   |                              | 8,612,561   | 6,361,622   | 2,111,005  | 6,606   | 72,011    | 41,417    |
| 121  |  |   |                              |             |             |            |         |           |           |
| 122  | TOTAL DIRECT PLANT                                 |   |                              | 227,205,842 | 168,349,340 | 55,689,909 | 174,281 | 1,999,708 | 1,092,605 |
| 123  |  |   |                              |             |             |            |         |           |           |
| 124  | CWP w/o AFUDC                                      | 6.2                                       | P, S, T & D Plant - Customer | 6,049,635   | 4,482,508   | 1,482,612  | 4,640   | 50,552    | 29,092    |
| 125  |  |   |                              |             |             |            |         |           |           |
| 126  | Kentucky Mid-States General Office:                |   |                              |             |             |            |         |           |           |
| 127  | Inangible Plant:                                   |   |                              |             |             |            |         |           |           |
| 128  |  |   |                              |             |             |            |         |           |           |
| 129  |  |   |                              |             |             |            |         |           |           |
| 130  | 30100 Organization                                 | 6.2                                       | P, S, T & D Plant - Customer | 38,967      | 28,873      | 9,651      | 30      | 320       | 187       |
| 131  | 30200 Franchises & Consents                        | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 132  | 30300 Misc Intangible Plant                        | 6.2                                       | P, S, T & D Plant - Customer | 233,317     | 172,877     | 57,188     | 179     | 1,951     | 1,122     |
| 133  | Total Intangible Plant                             |   |                              | 272,284     | 201,750     | 68,739     | 209     | 2,277     | 1,309     |
| 134  |  |   |                              |             |             |            |         |           |           |
| 135  | General:   |   |                              |             |             |            |         |           |           |
| 136  |  |   |                              |             |             |            |         |           |           |
| 137  |  |   |                              |             |             |            |         |           |           |
| 138  | 37400 Land & Land Rights                           | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 139  | 39001 Structures Frame                             | 6.2                                       | P, S, T & D Plant - Customer | 37,711      | 27,842      | 9,243      | 29      | 315       | 181       |
| 140  | 39602 Structures & Improvements                    | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 141  | 38900 Land & Land Rights                           | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 142  | 39004 Air Conditioning Equipment                   | 6.2                                       | P, S, T & D Plant - Customer | 1,214       | 899         | 297        | 1       | 10        | 6         |
| 143  | 39009 Improvement to leased Premises               | 6.2                                       | P, S, T & D Plant - Customer | 32,429      | 24,029      | 7,949      | 25      | 271       | 156       |
| 144  | 39100 Office Furniture & Equipment                 | 6.2                                       | P, S, T & D Plant - Customer | 8,669       | 6,446       | 2,198      | 7       | 75        | 43        |
| 145  | 39102 Remittance Processing Equip                  | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 146  | 39103 Office Machines                              | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 147  | 39200 Transportation Equipment                     | 6.2                                       | P, S, T & D Plant - Customer | 864         | 640         | 212        | 1       | 7         | 4         |
| 148  | 39201 Trucks                                       | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 149  | 39202 Trailers                                     | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 150  | 39300 Stores Equipment                             | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 151  | 39400 Tools, Shop & Garage Equipment               | 6.2                                       | P, S, T & D Plant - Customer | 34,424      | 25,507      | 8,438      | 26      | 286       | 166       |
| 152  | 39600 Power Operated Equipment                     | 6.2                                       | P, S, T & D Plant - Customer | 2,321       | 1,720       | 569        | 2       | 19        | 11        |
| 153  | 39903 Ditchers                                     | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 154  | 39904 Backhoes                                     | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 155  | 39905 Welders                                      | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 156  | 39700 Communication Equipment                      | 6.2                                       | P, S, T & D Plant - Customer | 47,442      | 35,152      | 11,626     | 36      | 397       | 228       |
| 157  | 39701 Communication Equipment - Mobile Radios      | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 158  | 39702 Communication Equipment - Fixed Radios       | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 159  | 39705 Communication Equip. - Telemetering          | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 160  | 39900 Miscellaneous Equipment                      | 6.2                                       | P, S, T & D Plant - Customer | 185,515     | 137,459     | 45,471     | 142     | 1,551     | 892       |
| 161  | 39901 Other Tangible Property                      | 6.2                                       | P, S, T & D Plant - Customer | 16,190      | 11,896      | 3,968      | 12      | 135       | 78        |
| 162  | 39901 Other Tangible Property - Servers - HW       | 6.2                                       | P, S, T & D Plant - Customer | 72,377      | 53,628      | 17,740     | 56      | 605       | 348       |
| 163  | 39902 Other Tangible Property - Servers - SW       | 6.2                                       | P, S, T & D Plant - Customer | 1,740       | 1,289       | 428        | 1       | 15        | 8         |
| 164  | 39903 Other Tangible Property - Network - HW       | 6.2                                       | P, S, T & D Plant - Customer | 44,024      | 32,620      | 10,791     | 34      | 368       | 212       |
| 165  | 39904 Other Tang. Property - CPU                   | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 166  | 39905 Other Tangible Property - MF - Hardware      | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 167  | 39906 Other Tang. Property - PC Hardware           | 6.2                                       | P, S, T & D Plant - Customer | 86,358      | 60,850      | 16,755     | 52      | 572       | 329       |
| 168  | 39907 Other Tang. Property - PC Software           | 6.2                                       | P, S, T & D Plant - Customer | 15,746      | 11,667      | 3,859      | 12      | 132       | 78        |
| 169  | 39908 Other Tang. Property - Mainframe SW          | 6.2                                       | P, S, T & D Plant - Customer | 188,931     | 139,990     | 46,309     | 145     | 1,580     | 909       |
| 170  | 39909 Other Tang. Property - Application Software  | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 171  | 39924 Other Tang. Property - General Startup Costs | 6.2                                       | P, S, T & D Plant - Customer | 0           | 0           | 0          |         |           |           |
| 172  |  |   |                              |             |             |            |         |           |           |
| 173  | Total General Plant                                |   |                              | 758,259     | 561,834     | 185,854    | 582     | 6,340     | 3,646     |
| 174  |  |   |                              |             |             |            |         |           |           |
| 175  | CWP w/o AFUDC                                      | 6.2                                       | P, S, T & D Plant - Customer | (36,693)    | (27,188)    | (6,994)    | (28)    | (307)     | (178)     |

Alamos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

| ALLOCATION OF PLANT IN SERVICE |       |  |     |                              |             |             |            |         |           |           |   |
|--------------------------------|-------|--|-----|------------------------------|-------------|-------------|------------|---------|-----------|-----------|---|
| 176                            |       |  |     |                              |             |             |            |         |           |           |   |
| 177                            |       | Shared Services General Office:              |     |                              |             |             |            |         |           |           |   |
| 178                            |       | General:                                     |     |                              |             |             |            |         |           |           |   |
| 179                            |       | General:                                     |     |                              |             |             |            |         |           |           |   |
| 180                            |       |  |     |                              |             |             |            |         |           |           |   |
| 181                            | 37400 | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 182                            | 39001 | Structures Frame                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 183                            | 36602 | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 113,192     | 83,670      | 27,744     | 87      | 946       | 544       | - |
| 184                            | 37503 | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 185                            | 30004 | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 186                            | 39008 | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 217,452     | 161,122     | 53,299     | 167     | 1,818     | 1,046     | - |
| 187                            | 39100 | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 253,171     | 187,588     | 62,054     | 194     | 2,117     | 1,217     | - |
| 188                            | 35102 | Remittance Processing Equip                  | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 189                            | 39103 | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 190                            | 39200 | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 2,329       | 1,726       | 571        | 2       | 19        | 11        | - |
| 191                            | 39201 | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 192                            | 39202 | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 193                            | 39300 | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 194                            | 39400 | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 36,069      | 26,726      | 8,841      | 28      | 302       | 173       | - |
| 195                            | 39600 | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 532         | 394         | 130        | 0       | 4         | 3         | - |
| 199                            | 39603 | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 197                            | 39604 | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 198                            | 39605 | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 199                            | 39700 | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 57,351      | 42,496      | 14,067     | 44      | 480       | 276       | - |
| 200                            | 39701 | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 201                            | 39702 | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 202                            | 39703 | Communication Equip. - Telemetering          | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 203                            | 39800 | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 12,885      | 9,177       | 3,036      | 10      | 104       | 60        | - |
| 204                            | 39900 | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 3,790       | 2,803       | 928        | 3       | 32        | 16        | - |
| 205                            | 39901 | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 707,769     | 524,447     | 173,467    | 543     | 5,919     | 3,404     | - |
| 206                            | 39902 | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 433,932     | 321,524     | 106,360    | 333     | 3,628     | 2,087     | - |
| 207                            | 39903 | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 76,514      | 50,693      | 18,754     | 59      | 640       | 369       | - |
| 208                            | 39904 | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 209                            | 39905 | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 210                            | 39906 | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 51,360      | 38,071      | 12,594     | 39      | 430       | 247       | - |
| 211                            | 39907 | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 15,453      | 11,450      | 3,788      | 12      | 129       | 74        | - |
| 212                            | 39908 | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 2,754,692   | 2,041,326   | 675,270    | 2,113   | 23,035    | 13,248    | - |
| 213                            | 39909 | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 22,130      | 16,308      | 5,424      | 17      | 186       | 106       | - |
| 214                            | 39924 | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 215                            |       | Total General Plant                          |     |                              | 4,758,467   | 3,626,610   | 1,166,337  | 3,650   | 39,786    | 22,883    | - |
| 216                            |       |  |     |                              |             |             |            |         |           |           |   |
| 217                            |       |  |     |                              |             |             |            |         |           |           |   |
| 218                            |       | CWP w/o AFUDC                                | 6.2 | P, S, T & D Plant - Customer | 265,665     | 196,861     | 65,121     | 204     | 2,221     | 1,278     | - |
| 219                            |       |  |     |                              |             |             |            |         |           |           |   |
| 220                            |       | Shared Services Customer Support:            |     |                              |             |             |            |         |           |           |   |
| 221                            |       | General:                                     |     |                              |             |             |            |         |           |           |   |
| 222                            |       | General:                                     |     |                              |             |             |            |         |           |           |   |
| 223                            |       |  |     |                              |             |             |            |         |           |           |   |
| 224                            | 37400 | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 79,091      | 58,603      | 19,386     | 61      | 661       | 390       | - |
| 225                            | 39001 | Structures Frame                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 226                            | 36602 | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 388,824     | 285,673     | 87,951     | 275     | 3,000     | 1,726     | - |
| 227                            | 37503 | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 228                            | 39004 | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 229                            | 39008 | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 105,177     | 77,691      | 25,780     | 81      | 879       | 506       | - |
| 230                            | 39100 | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 95,976      | 41,476      | 13,720     | 43      | 466       | 269       | - |
| 231                            | 39102 | Remittance Processing Equip                  | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 232                            | 39103 | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 233                            | 39200 | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 234                            | 39201 | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 235                            | 39202 | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 236                            | 39300 | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 237                            | 39400 | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 238                            | 39600 | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 239                            | 39603 | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 240                            | 39604 | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 241                            | 39605 | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 242                            | 39700 | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 49,288      | 36,520      | 12,081     | 38      | 412       | 237       | - |
| 243                            | 39701 | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 244                            | 39702 | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 245                            | 39703 | Communication Equip. - Telemetering          | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 246                            | 39800 | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 1,469       | 1,103       | 365        | 1       | 12        | 7         | - |
| 247                            | 39900 | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 15,822      | 11,723      | 3,878      | 12      | 132       | 76        | - |
| 248                            | 39901 | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 200,859     | 148,827     | 49,232     | 154     | 1,679     | 986       | - |
| 249                            | 39902 | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 44,915      | 33,293      | 11,310     | 34      | 376       | 216       | - |
| 250                            | 39903 | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 15,449      | 11,447      | 3,787      | 12      | 129       | 74        | - |
| 251                            | 39904 | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 252                            | 39905 | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 253                            | 39906 | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 26,600      | 19,006      | 6,287      | 20      | 214       | 123       | - |
| 254                            | 39907 | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 6,040       | 3,794       | 1,255      | 4       | 42        | 24        | - |
| 255                            | 39908 | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 2,754,694   | 2,041,260   | 675,246    | 2,113   | 23,034    | 13,248    | - |
| 256                            | 39909 | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 257                            | 39924 | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         | - |
| 258                            |       | Total General Plant                          |     |                              | 3,712,497   | 2,750,787   | 909,959    | 2,648   | 31,041    | 17,653    | - |
| 259                            |       |  |     |                              |             |             |            |         |           |           |   |
| 260                            |       |  |     |                              |             |             |            |         |           |           |   |
| 261                            |       | CWP w/o AFUDC                                | 6.2 | P, S, T & D Plant - Customer | 31,754      | 23,528      | 7,783      | 24      | 265       | 163       | - |
| 262                            |       |  |     |                              |             |             |            |         |           |           |   |
| 263                            |       | TOTAL PLANT IN SERVICE - CUSTOMER            |     |                              | 290,707,336 | 175,360,520 | 58,016,796 | 181,589 | 1,979,152 | 1,136,297 | - |
| 264                            |       |  |     |                              |             |             |            |         |           |           |   |
| 265                            |       | TOTAL CWP W/O AFUDC - CUSTOMER               |     |                              | 8,310,381   | 4,675,700   | 1,546,723  | 4,840   | 52,762    | 30,346    | - |

| ALLOCATION OF PLANT IN SERVICE |           |                   |                                     |               |                   |                    |                             |                |                         |  |
|--------------------------------|-----------|-------------------|-------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Demand                         |           |                   |                                     |               |                   |                    |                             |                |                         |  |
| Line No.                       | Acct. No. | Allocation Factor | Allocation Basis                    | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 267                            |           |                   | Intangible Plant:                   |               |                   |                    |                             |                |                         |  |
| 268                            | 30100     | 6.4               | F, S, T & D Plant - Demand          | 4,633         | 2,502             | 1,398              | -                           | 735            | -                       |  |
| 269                            | 30200     | 6.4               | Franchises & Consents               | 66,658        | 36,004            | 20,050             | -                           | 10,574         | -                       |  |
| 270                            | 30300     | 99.0              | Misc Intangible Plant               | 0             | -                 | -                  | -                           | -              | -                       |  |
| 271                            |           |                   | Total Intangible Plant:             | 71,302        | 38,507            | 21,447             | 0                           | 11,309         | 0                       |  |
| 272                            |           |                   | Production Plant:                   |               |                   |                    |                             |                |                         |  |
| 273                            |           |                   | Production Plant:                   |               |                   |                    |                             |                |                         |  |
| 274                            |           |                   | Production Plant:                   |               |                   |                    |                             |                |                         |  |
| 275                            | 32520     | 3.0               | Producing Leaseholds                | 0             | -                 | -                  | -                           | -              | -                       |  |
| 276                            | 32540     | 3.0               | Rights of Ways                      | 0             | -                 | -                  | -                           | -              | -                       |  |
| 277                            | 33100     | 3.0               | Production Gas Wells Equipment      | 0             | -                 | -                  | -                           | -              | -                       |  |
| 278                            | 33201     | 3.0               | Field Lines                         | 0             | -                 | -                  | -                           | -              | -                       |  |
| 279                            | 33202     | 3.0               | Tributary Lines                     | 0             | -                 | -                  | -                           | -              | -                       |  |
| 280                            | 33400     | 3.0               | Field Meas. & Reg. Sta. Equip       | 0             | -                 | -                  | -                           | -              | -                       |  |
| 281                            | 33500     | 3.0               | Purification Equipment              | 0             | -                 | -                  | -                           | -              | -                       |  |
| 282                            |           |                   | Total Production Plant              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |  |
| 283                            |           |                   | Storage Plant:                      |               |                   |                    |                             |                |                         |  |
| 284                            |           |                   | Storage Plant:                      |               |                   |                    |                             |                |                         |  |
| 285                            |           |                   | Storage Plant:                      |               |                   |                    |                             |                |                         |  |
| 286                            |           |                   | Storage Plant:                      |               |                   |                    |                             |                |                         |  |
| 287                            | 35010     | 3.0               | Land                                | 130,563       | 70,811            | 39,345             | -                           | 20,708         | -                       |  |
| 288                            | 35020     | 3.0               | Rights of Way                       | 2,341         | 1,264             | 705                | -                           | 371            | -                       |  |
| 289                            | 35100     | 3.0               | Structures and Improvements         | 8,658         | 4,838             | 2,699              | -                           | 1,421          | -                       |  |
| 290                            | 35102     | 3.0               | Compression Station Equipment       | 76,631        | 41,384            | 23,092             | -                           | 12,154         | -                       |  |
| 291                            | 35103     | 3.0               | Meas. & Reg. Sta. Structures        | 11,569        | 6,246             | 3,465              | -                           | 1,335          | -                       |  |
| 292                            | 35104     | 3.0               | Other Structures                    | 68,721        | 37,113            | 20,709             | -                           | 10,900         | -                       |  |
| 293                            | 35200     | 3.0               | Wells \ Rights of Way               | 4,547,761     | 2,456,015         | 1,370,449          | -                           | 721,298        | -                       |  |
| 294                            | 35201     | 3.0               | Well Construction                   | 849,999       | 459,042           | 256,144            | -                           | 134,814        | -                       |  |
| 295                            | 35202     | 3.0               | Well Equipment                      | 237,909       | 112,281           | 62,853             | -                           | 32,975         | -                       |  |
| 296                            | 35203     | 3.0               | Gasoline Gas                        | 847,418       | 457,847           | 235,353            | -                           | 134,404        | -                       |  |
| 297                            | 35210     | 3.0               | Leaseholds                          | 89,285        | 46,208            | 26,900             | -                           | 14,158         | -                       |  |
| 298                            | 35211     | 3.0               | Storage Rights                      | 27,307        | 14,747            | 8,229              | -                           | 4,331          | -                       |  |
| 299                            | 35301     | 3.0               | Field Lines                         | 89,248        | 48,199            | 26,895             | -                           | 14,155         | -                       |  |
| 300                            | 35302     | 3.0               | Tributary Lines                     | 104,729       | 56,559            | 31,560             | -                           | 16,611         | -                       |  |
| 301                            | 35400     | 3.0               | Compressor Station Equipment        | 461,723       | 249,353           | 139,138            | -                           | 75,232         | -                       |  |
| 302                            | 35500     | 3.0               | Meas. & Reg. Equipment              | 120,442       | 65,044            | 36,295             | -                           | 19,103         | -                       |  |
| 303                            | 35600     | 3.0               | Purification Equipment              | 237,332       | 111,969           | 62,479             | -                           | 32,884         | -                       |  |
| 304                            |           |                   | Total Storage Plant                 | 7,851,916     | 4,240,422         | 2,368,141          | 0                           | 1,245,353      | 0                       |  |
| 305                            |           |                   | Transmission:                       |               |                   |                    |                             |                |                         |  |
| 306                            |           |                   | Transmission:                       |               |                   |                    |                             |                |                         |  |
| 307                            |           |                   | Transmission:                       |               |                   |                    |                             |                |                         |  |
| 308                            |           |                   | Transmission:                       |               |                   |                    |                             |                |                         |  |
| 309                            | 36510     | 3.0               | Land & Land Rights                  | 26,970        | 14,665            | 8,127              | -                           | 4,278          | -                       |  |
| 310                            | 36520     | 3.0               | Rights of Way                       | 667,772       | 468,640           | 261,499            | -                           | 137,833        | -                       |  |
| 311                            | 36602     | 3.0               | Structures & Improvements           | 49,022        | 26,493            | 14,768             | -                           | 7,772          | -                       |  |
| 312                            | 36603     | 3.0               | Other Structures                    | 50,525        | 32,849            | 18,330             | -                           | 9,647          | -                       |  |
| 313                            | 36700     | 3.0               | Mains Cathodic Protection           | 185,800       | 100,184           | 55,602             | -                           | 29,423         | -                       |  |
| 314                            | 36701     | 3.0               | Mains - Steel                       | 27,762,017    | 14,892,859        | 8,385,964          | -                           | 4,403,195      | -                       |  |
| 315                            | 36800     | 3.0               | Meas. & Reg. Equipment              | 615,022       | 332,142           | 185,334            | -                           | 97,546         | -                       |  |
| 316                            | 36901     | 3.0               | Meas. & Reg. Equipment              | 2,289,871     | 1,226,843         | 684,016            | -                           | 360,013        | -                       |  |
| 317                            |           |                   | Total Transmission Plant            | 31,836,990    | 17,193,545        | 9,603,030          | 0                           | 5,048,506      | 0                       |  |
| 318                            |           |                   | Distribution:                       |               |                   |                    |                             |                |                         |  |
| 319                            |           |                   | Distribution:                       |               |                   |                    |                             |                |                         |  |
| 320                            |           |                   | Distribution:                       |               |                   |                    |                             |                |                         |  |
| 321                            |           |                   | Distribution:                       |               |                   |                    |                             |                |                         |  |
| 322                            | 37400     | 3.0               | Land & Land Rights                  | 531,167       | 288,898           | 160,065            | -                           | 84,248         | -                       |  |
| 323                            | 37401     | 3.0               | Land                                | 37,825        | 20,158            | 11,248             | -                           | 5,820          | -                       |  |
| 324                            | 37402     | 3.0               | Land Rights                         | 1,506,032     | 814,698           | 454,710            | -                           | 239,324        | -                       |  |
| 325                            | 37403     | 3.0               | Land Other                          | 2,784         | 1,503             | 839                | -                           | 442            | -                       |  |
| 326                            | 37500     | 3.0               | Structures & Improvements           | 336,168       | 181,547           | 101,303            | -                           | 53,318         | -                       |  |
| 327                            | 37501     | 3.0               | Structures & Improvements T.B.      | 99,818        | 53,607            | 30,030             | -                           | 15,332         | -                       |  |
| 328                            | 37502     | 3.0               | Land Rights                         | 46,264        | 24,895            | 13,942             | -                           | 7,338          | -                       |  |
| 329                            | 37503     | 3.0               | Improvements                        | 4,035         | 2,183             | 1,207              | -                           | 635            | -                       |  |
| 330                            | 37600     | 3.0               | Mains Cathodic Protection           | 20,008,048    | 10,805,333        | 6,029,338          | -                           | 3,173,376      | -                       |  |
| 331                            | 37601     | 3.0               | Mains - Steel                       | 112,357,721   | 60,676,713        | 33,858,512         | -                           | 17,620,496     | -                       |  |
| 332                            | 37602     | 3.0               | Mains - Plastic                     | 97,163,197    | 52,472,920        | 29,279,709         | -                           | 15,410,308     | -                       |  |
| 333                            | 37800     | 3.0               | Meas. & Reg. Sta. Equip - General   | 7,622,837     | 4,030,300         | 2,248,894          | -                           | 1,183,543      | -                       |  |
| 334                            | 37900     | 3.0               | Meas. & Reg. Sta. Equip - City Gate | 3,151,875     | 1,702,169         | 949,894            | -                           | 499,903        | -                       |  |
| 335                            | 37905     | 3.0               | Meas. & Reg. Sta. Equipment T.B.    | 1,393,821     | 752,732           | 420,022            | -                           | 221,067        | -                       |  |
| 336                            | 38000     | 99.0              | Services                            | 0             | -                 | -                  | -                           | -              | -                       |  |
| 337                            | 38100     | 99.0              | Meters                              | 0             | -                 | -                  | -                           | -              | -                       |  |
| 338                            | 38200     | 99.0              | Meter Installations                 | 0             | -                 | -                  | -                           | -              | -                       |  |
| 339                            | 38300     | 99.0              | House Regulators                    | 0             | -                 | -                  | -                           | -              | -                       |  |
| 340                            | 38400     | 99.0              | House Reg. Installations            | 0             | -                 | -                  | -                           | -              | -                       |  |
| 341                            | 38500     | 99.0              | Ind. Meas. & Reg. Sta. Equipment    | 0             | -                 | -                  | -                           | -              | -                       |  |
| 342                            | 38600     | 99.0              | Other Prop. On Cust. Prem           | 0             | -                 | -                  | -                           | -              | -                       |  |
| 343                            |           |                   | Total Distribution Plant            | 244,103,961   | 131,828,183       | 73,659,671         | 0                           | 38,716,108     | 0                       |  |



| Almax Energy Corporation, Kentucky/Mid-States Division   |          |  |     |                            |             |             |            |            |
|--|----------|--|-----|----------------------------|-------------|-------------|------------|------------|
| Class Cost of Service - Demand-Only Study                |          |  |     |                            |             |             |            |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |     |                            |             |             |            |            |
| ALLOCATION OF PLANT IN SERVICE                           |          |  |     |                            |             |             |            |            |
| 346  |          |  |     |                            |             |             |            |            |
| 347  | General: |  |     |                            |             |             |            |            |
| 348  |          |  |     |                            |             |             |            |            |
| 349  | 38800    | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 571,470     | 308,622     | 172,210    | 90,638     |
| 350  | 39000    | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 2,912,246   | 1,572,757   | 877,593    | 461,897    |
| 351  | 39001    | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 352  | 39002    | Structures Brick                             | 6.4 | P, S, T & D Plant - Demand | 98,298      | 52,005      | 28,018     | 15,273     |
| 353  | 39003    | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 394,497     | 213,048     | 118,880    | 62,569     |
| 354  | 39004    | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 4,151       | 2,241       | 1,251      | 658        |
| 355  | 39009    | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 693,204     | 374,364     | 208,894    | 109,946    |
| 356  | 39100    | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 1,081,078   | 583,836     | 325,778    | 171,464    |
| 357  | 39102    | Remittance Processing Equip.                 | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 358  | 39103    | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 359  | 39200    | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 201,869     | 100,019     | 60,832     | 32,017     |
| 360  | 39201    | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 361  | 39202    | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 18,463      | 9,971       | 5,564      | 2,928      |
| 362  | 39300    | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 363  | 39400    | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 1,476,455   | 797,359     | 444,923    | 234,173    |
| 364  | 39600    | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 365  | 39603    | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 26,313      | 14,210      | 7,929      | 4,173      |
| 366  | 39604    | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 34,904      | 18,850      | 10,518     | 5,536      |
| 367  | 39605    | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 18,468      | 9,884       | 5,571      | 2,932      |
| 368  | 39700    | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 224,171     | 121,983     | 67,553     | 35,555     |
| 369  | 39701    | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 370  | 39702    | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 371  | 39705    | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 372  | 39800    | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,385,582   | 1,286,338   | 718,888    | 378,367    |
| 373  | 39900    | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 374  | 39601    | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 375  | 39602    | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 376  | 39603    | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 52,683      | 28,451      | 15,676     | 8,356      |
| 377  | 39604    | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 378  | 39605    | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 379  | 39606    | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 915,995     | 494,683     | 276,031    | 145,261    |
| 380  | 39607    | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 7,650       | 4,131       | 2,305      | 1,213      |
| 381  | 39608    | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 68,708      | 37,105      | 20,704     | 10,897     |
| 382  | 39609    | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 383  | 39624    | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 384  |          |  |     |                            |             |             |            |            |
| 385  |          | Total General Plant                          |     |                            | 11,184,230  | 6,040,036   | 3,370,319  | 1,773,875  |
| 386  |          |  |     |                            |             |             |            | 0          |
| 387  |          | TOTAL DIRECT PLANT                           |     |                            | 295,048,399 | 169,340,693 | 88,911,556 | 46,796,190 |
| 388  |          |  |     |                            |             |             |            | 0          |
| 389  |          | CWP w/o AFUDC                                | 6.4 | P, S, T & D Plant - Demand | 7,856,028   | 4,242,642   | 2,367,360  | 1,248,006  |
| 390  |          |  |     |                            |             |             |            |            |
| 391  |          | Kentucky Mid-States General Office:          |     |                            |             |             |            |            |
| 392  |          |  |     |                            |             |             |            |            |
| 393  |          | Intangible Plant:                            |     |                            |             |             |            |            |
| 394  |          |  |     |                            |             |             |            |            |
| 395  | 30100    | Organization                                 | 6.4 | P, S, T & D Plant - Demand | 50,602      | 27,328      | 15,249     | 8,026      |
| 396  | 30200    | Franchises & Consents                        | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 397  | 30300    | Misc Intangible Plant                        | 6.4 | P, S, T & D Plant - Demand | 302,964     | 163,626     | 91,303     | 48,055     |
| 398  |          |  |     |                            |             |             |            |            |
| 399  |          | Total Intangible Plant:                      |     |                            | 353,566     | 190,954     | 106,552    | 56,081     |
| 400  |          |  |     |                            |             |             |            | 0          |
| 401  |          | General:                                     |     |                            |             |             |            |            |
| 402  |          |  |     |                            |             |             |            |            |
| 403  | 37400    | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 404  | 39001    | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 48,972      | 26,447      | 14,757     | 7,767      |
| 405  | 39002    | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 406  | 38800    | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 407  | 39004    | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 1,579       | 851         | 475        | 250        |
| 408  | 39009    | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 42,112      | 22,743      | 12,890     | 6,679      |
| 409  | 39100    | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 11,647      | 6,290       | 3,510      | 1,847      |
| 410  | 39102    | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 411  | 39103    | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 412  | 39200    | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 1,122       | 606         | 338        | 178        |
| 413  | 39201    | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 414  | 39202    | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 415  | 39300    | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 416  | 39400    | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 44,703      | 24,142      | 13,471     | 7,090      |
| 417  | 39600    | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 3,014       | 1,628       | 908        | 478        |
| 418  | 39603    | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 419  | 39604    | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 420  | 39605    | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 421  | 39700    | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 61,608      | 33,271      | 19,555     | 9,771      |
| 422  | 39701    | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 423  | 39702    | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 424  | 39705    | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 425  | 39800    | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 240,809     | 130,103     | 72,597     | 39,208     |
| 426  | 39900    | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 21,024      | 11,354      | 6,336      | 3,335      |
| 427  | 39901    | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 93,969      | 50,758      | 28,323     | 14,907     |
| 428  | 39902    | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 2,269       | 1,220       | 681        | 358        |
| 429  | 39903    | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 57,169      | 30,874      | 17,228     | 9,067      |
| 430  | 39904    | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 431  | 39905    | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 432  | 39906    | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 88,769      | 47,940      | 26,760     | 14,079     |
| 433  | 39907    | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 20,447      | 11,043      | 6,162      | 3,243      |
| 434  | 39908    | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 246,346     | 132,499     | 73,934     | 38,913     |
| 435  | 39909    | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 436  | 39924    | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0           | 0           | 0          | 0          |
| 437  |          |  |     |                            |             |             |            |            |
| 438  |          | Total General Plant                          |     |                            | 984,667     | 531,769     | 296,725    | 158,173    |
| 439  |          |  |     |                            |             |             |            | 0          |
| 440  |          | CWP w/o AFUDC                                | 6.4 | P, S, T & D Plant - Demand | (47,849)    | (25,733)    | (14,359)   | (7,557)    |

| Alton Energy Corporation, Kentucky-Mid-States Division   |  |     |                            |             |             |            |
|--|--|-----|----------------------------|-------------|-------------|------------|
| Class Cost of Service - Demand-Only Study                |  |     |                            |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |     |                            |             |             |            |
| ALLOCATION OF PLANT IN SERVICE                           |  |     |                            |             |             |            |
| 441  |  |     |                            |             |             |            |
| 442  | Shared Services General Office:                    |     |                            |             |             |            |
| 443  | General:   |     |                            |             |             |            |
| 444  |  |     |                            |             |             |            |
| 445  |  |     |                            |             |             |            |
| 449  | 37400 Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 447  | 39021 Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 448  | 36802 Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 146,890     | 79,982      | 44,296     |
| 449  | 37503 Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 450  | 39004 Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 451  | 39009 Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 282,362     | 152,500     | 85,095     |
| 452  | 39100 Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 928,767     | 177,800     | 99,072     |
| 453  | 39102 Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 454  | 39103 Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 455  | 38200 Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 3,024       | 1,633       | 911        |
| 456  | 38201 Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 457  | 38202 Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 458  | 39300 Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 459  | 39400 Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 48,838      | 25,295      | 14,114     |
| 460  | 39600 Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 891         | 373         | 208        |
| 461  | 39903 Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 462  | 39904 Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 463  | 39905 Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 464  | 39700 Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 74,476      | 40,221      | 22,443     |
| 465  | 39701 Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 466  | 39702 Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 467  | 39705 Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 468  | 39800 Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 16,083      | 8,686       | 4,847      |
| 469  | 39900 Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 4,916       | 2,856       | 1,482      |
| 470  | 39901 Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 919,144     | 496,363     | 276,960    |
| 471  | 39902 Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 563,502     | 304,319     | 169,609    |
| 472  | 39903 Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 99,960      | 53,659      | 28,942     |
| 473  | 39904 Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 474  | 39905 Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 475  | 39906 Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 86,722      | 36,033      | 20,106     |
| 476  | 39907 Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 20,067      | 10,837      | 6,047      |
| 477  | 39908 Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 3,577,819   | 1,932,091   | 1,078,100  |
| 478  | 39909 Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 28,738      | 15,520      | 8,960      |
| 479  | 39924 Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 480  |  |     |                            |             |             |            |
| 481  | Total General Plant                                |     |                            | 6,170,321   | 3,337,138   | 1,862,112  |
| 482  |  |     |                            |             |             | 0          |
| 483  | CWP w/o AFUDC                                      | 6.4 | P, S, T & D Plant - Demand | 345,017     | 166,326     | 163,969    |
| 484  |  |     |                            |             |             | 64,721     |
| 485  | Shared Services Customer Support:                  |     |                            |             |             |            |
| 486  | General:   |     |                            |             |             |            |
| 487  |  |     |                            |             |             |            |
| 488  |  |     |                            |             |             |            |
| 489  | 37400 Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 102,707     | 55,467      | 30,950     |
| 490  | 39001 Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 491  | 36802 Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 465,868     | 251,646     | 140,417    |
| 492  | 37503 Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 493  | 39004 Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 494  | 39009 Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 138,592     | 73,791      | 41,158     |
| 495  | 39100 Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 72,690      | 39,259      | 21,908     |
| 496  | 39102 Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 497  | 39103 Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 498  | 38200 Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 499  | 38201 Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 500  | 38202 Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 501  | 39300 Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 502  | 39400 Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 503  | 39600 Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 504  | 39903 Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 505  | 39904 Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 506  | 39905 Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 507  | 39700 Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 64,005      | 34,556      | 19,288     |
| 508  | 39701 Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 509  | 39702 Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 510  | 39705 Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 511  | 39800 Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 1,933       | 1,044       | 563        |
| 512  | 39900 Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 20,546      | 11,090      | 6,192      |
| 513  | 39901 Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 260,834     | 140,863     | 78,601     |
| 514  | 39902 Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 86,332      | 31,502      | 17,579     |
| 515  | 39903 Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 20,062      | 10,835      | 6,046      |
| 516  | 39904 Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 517  | 39905 Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 518  | 39906 Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 33,309      | 17,989      | 10,038     |
| 519  | 39907 Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 6,544       | 3,634       | 1,972      |
| 520  | 39908 Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 3,577,505   | 1,932,029   | 1,078,066  |
| 521  | 39909 Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 522  | 39924 Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0           | -           | -          |
| 523  |  |     |                            |             |             |            |
| 524  | Total General Plant                                |     |                            | 4,821,018   | 2,603,588   | 1,452,793  |
| 525  |  |     |                            |             |             | 0          |
| 526  | CWP w/o AFUDC                                      | 6.4 | P, S, T & D Plant - Demand | 41,265      | 22,269      | 12,429     |
| 527  |  |     |                            |             |             | 6,540      |
| 528  | TOTAL PLANT IN SERVICE - DEMAND                    |     |                            | 307,368,992 | 166,004,142 | 92,629,736 |
| 529  |  |     |                            |             |             | 0          |
| 530  | TOTAL CWP W/O AFUDC - DEMAND                       |     |                            | 8,184,630   | 4,425,805   | 2,469,419  |
|  |  |     |                            |             |             | 0          |

| Altres Energy Corporation, Kentucky/Mid-States Division  |           |                                      |                   |                               |               |                   |                    |                             |                |                         |
|--|-----------|--------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |           |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                      |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF PLANT IN SERVICE                           |           |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Commodity                            | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 531  |           | Intangible Plant:                    |                   |                               |               |                   |                    |                             |                |                         |
| 532  |           | Organization                         | 6.6               | P, S, T & D Plant - Commodity | 128           | 50                | 30                 | 1                           | 24             | 23                      |
| 534  | 30200     | Franchises & Consents                | 6.6               | P, S, T & D Plant - Commodity | 1,845         | 722               | 435                | 14                          | 340            | 333                     |
| 535  | 30300     | Misc Intangible Plant                | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 537  |           | Total Intangible Plant:              |                   |                               | 1,973         | 772               | 466                | 15                          | 364            | 356                     |
| 538  |           | Production Plant:                    |                   |                               |               |                   |                    |                             |                |                         |
| 540  |           | Production Leaseholds                | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 542  | 32540     | Rights of Ways                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 543  | 33100     | Production Gas Wells Equipment       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 544  | 33201     | Field Lines                          | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 545  | 33202     | Tributary Lines                      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 546  | 33400     | Field Meas. & Reg. Sta. Equip.       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 547  | 33600     | Purification Equipment               | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 548  |           | Total Production Plant:              |                   |                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 550  |           | Storage Plant:                       |                   |                               |               |                   |                    |                             |                |                         |
| 551  |           | Land                                 | 1.5               | Winter Volumes                | 130,663       | 51,110            | 30,818             | 970                         | 24,087         | 23,570                  |
| 554  | 35020     | Rights of Way                        | 1.5               | Winter Volumes                | 2,341         | 916               | 553                | 17                          | 432            | 423                     |
| 555  | 35100     | Structures and Improvements          | 1.5               | Winter Volumes                | 8,958         | 3,507             | 2,114              | 67                          | 1,653          | 1,617                   |
| 556  | 35102     | Compressor Station Equipment         | 1.5               | Winter Volumes                | 76,631        | 30,002            | 18,086             | 569                         | 14,137         | 13,854                  |
| 557  | 35103     | Meas. & Reg. Sta. Structures         | 1.5               | Winter Volumes                | 11,369        | 4,530             | 2,731              | 86                          | 2,134          | 2,089                   |
| 558  | 35104     | Other Structures                     | 1.5               | Winter Volumes                | 68,721        | 26,908            | 16,221             | 511                         | 12,678         | 12,406                  |
| 559  | 35200     | Wells & Rights of Way                | 1.5               | Winter Volumes                | 4,547,761     | 1,780,533         | 1,073,461          | 33,782                      | 838,989        | 820,896                 |
| 560  | 35201     | Well Construction                    | 1.5               | Winter Volumes                | 849,999       | 332,791           | 200,635            | 6,316                       | 156,811        | 153,446                 |
| 561  | 35202     | Well Equipment                       | 1.5               | Winter Volumes                | 207,909       | 81,490            | 48,075             | 1,545                       | 38,366         | 37,533                  |
| 562  | 35203     | Cushion Gas                          | 1.5               | Winter Volumes                | 947,416       | 331,778           | 205,028            | 6,297                       | 158,335        | 152,990                 |
| 563  | 35210     | Leaseholds                           | 1.5               | Winter Volumes                | 86,265        | 34,949            | 21,670             | 663                         | 16,468         | 16,115                  |
| 564  | 35211     | Storage Rights                       | 1.5               | Winter Volumes                | 27,307        | 10,691            | 6,448              | 203                         | 5,038          | 4,890                   |
| 565  | 35231     | Field Lines                          | 1.5               | Winter Volumes                | 89,248        | 34,942            | 21,066             | 683                         | 16,465         | 16,112                  |
| 566  | 35302     | Tributary Lines                      | 1.5               | Winter Volumes                | 194,729       | 41,093            | 24,720             | 778                         | 19,321         | 18,806                  |
| 567  | 35400     | Compressor Station Equipment         | 1.5               | Winter Volumes                | 461,723       | 180,773           | 108,986            | 3,431                       | 85,191         | 83,353                  |
| 568  | 35500     | Meas. & Reg. Equipment               | 1.5               | Winter Volumes                | 120,442       | 47,153            | 28,459             | 855                         | 22,220         | 21,743                  |
| 569  | 35600     | Purification Equipment               | 1.5               | Winter Volumes                | 267,332       | 81,174            | 48,939             | 1,541                       | 38,249         | 37,429                  |
| 570  |           | Total Storage Plant:                 |                   |                               | 7,851,916     | 3,074,171         | 1,853,379          | 58,343                      | 1,448,563      | 1,417,469               |
| 572  |           | Transmission:                        |                   |                               |               |                   |                    |                             |                |                         |
| 574  |           | Land & Land Rights                   | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 575  | 36510     | Rights of Way                        | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 576  | 36520     | Structures & Improvements            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 577  | 36602     | Other Structures                     | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 578  | 36700     | Mains Cathodic Protection            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 580  | 36701     | Mains - Steel                        | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 581  | 36900     | Meas. & Reg. Equipment               | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 582  | 36901     | Meas. & Reg. Equipment               | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 583  |           | Total Transmission Plant:            |                   |                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 584  |           | Distribution:                        |                   |                               |               |                   |                    |                             |                |                         |
| 586  |           | Land & Land Rights                   | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 587  | 37400     | Land                                 | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 588  | 37401     | Land                                 | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 589  | 37402     | Land Rights                          | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 591  | 37403     | Land Other                           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 592  | 37500     | Structures & Improvements            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 593  | 37501     | Structures & Improvements T.B.       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 594  | 37502     | Land Rights                          | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 595  | 37503     | Improvements                         | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 598  | 37600     | Mains Cathodic Protection            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 597  | 37601     | Mains - Steel                        | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 598  | 37602     | Mains - Plastic                      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 599  | 37800     | Meas. & Reg. Sta. Equip. - General   | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 600  | 37900     | Meas. & Reg. Sta. Equip. - City Gate | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 601  | 37905     | Meas. & Reg. Sta. Equipment T.B.     | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 602  | 38000     | Services                             | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 603  | 38100     | Meters                               | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 604  | 38200     | Meter Installations                  | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 605  | 38300     | House Regulators                     | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 606  | 38400     | House Reg. Installations             | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 607  | 38500     | Ind. Meas. & Reg. Sta. Equipment     | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 608  | 38600     | Other Prop. On Cust. Prem            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 609  |           | Total Distribution Plant:            |                   |                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |





| ALLOCATION OF PLANT IN SERVICE |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
|--------------------------------|-----------|-------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Line No.                       | Accl. No. | Total Plant In Service              | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|                                |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 797                            |           | Intangible Plant:                   |                   |                  |               |                   |                    |                             |                |                         |
| 798                            | 30100     | Organization                        |                   |                  | 8,330         | 5,198             | 2,301              | 4                           | 788            | 40                      |
| 799                            | 30200     | Franchise & Consents                |                   |                  | 119,853       | 74,767            | 33,109             | 53                          | 11,344         | 580                     |
| 800                            | 30300     | Misc Intangible Plant               |                   |                  | 0             |                   |                    |                             |                |                         |
| 801                            |           | Total Intangible Plant:             |                   |                  | 128,182       | 79,963            | 35,411             | 57                          | 12,132         | 620                     |
| 802                            |           | Production Plant:                   |                   |                  |               |                   |                    |                             |                |                         |
| 803                            |           | Producing Leaseholds                |                   |                  | 0             |                   |                    |                             |                |                         |
| 804                            | 32520     | Rights of Ways                      |                   |                  | 0             |                   |                    |                             |                |                         |
| 805                            | 33100     | Production Gas Wells Equipment      |                   |                  | 0             |                   |                    |                             |                |                         |
| 806                            | 33201     | Field Lines                         |                   |                  | 0             |                   |                    |                             |                |                         |
| 807                            | 33202     | Tributary Lines                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 808                            | 33400     | Field Meas. & Reg. Sta. Equip       |                   |                  | 0             |                   |                    |                             |                |                         |
| 809                            | 33600     | Purification Equipment              |                   |                  | 0             |                   |                    |                             |                |                         |
| 810                            |           | Total Production Plant              |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 811                            |           | Storage Plant:                      |                   |                  |               |                   |                    |                             |                |                         |
| 812                            |           | Land                                |                   |                  | 261,127       | 121,629           | 70,163             | 970                         | 44,795         | 23,570                  |
| 813                            | 35010     | Rights of Way                       |                   |                  | 4,682         | 2,181             | 1,258              | 17                          | 803            | 423                     |
| 814                            | 35100     | Structures and Improvements         |                   |                  | 17,916        | 8,345             | 4,814              | 67                          | 3,073          | 1,617                   |
| 815                            | 35102     | Compressor Station Equipment        |                   |                  | 153,261       | 71,387            | 41,180             | 589                         | 26,291         | 13,834                  |
| 816                            | 35103     | Meas. & Reg. Sta. Structures        |                   |                  | 23,138        | 10,777            | 5,217              | 86                          | 3,869          | 2,089                   |
| 817                            | 35104     | Other Structures                    |                   |                  | 137,443       | 64,019            | 36,930             | 511                         | 23,578         | 12,406                  |
| 818                            | 35200     | Wells & Rights of Way               |                   |                  | 9,095,522     | 4,238,549         | 2,443,909          | 33,792                      | 1,560,287      | 820,896                 |
| 819                            | 35201     | Well Construction                   |                   |                  | 1,680,089     | 791,832           | 456,779            | 6,316                       | 291,625        | 153,446                 |
| 820                            | 35202     | Well Equipment                      |                   |                  | 415,819       | 193,682           | 111,728            | 1,545                       | 71,331         | 37,533                  |
| 821                            | 35203     | Casualty Gas                        |                   |                  | 1,694,833     | 789,428           | 485,391            | 6,297                       | 290,739        | 152,880                 |
| 822                            | 35210     | Leaseholds                          |                   |                  | 178,530       | 83,158            | 47,870             | 563                         | 30,626         | 16,115                  |
| 823                            | 35211     | Storage Rights                      |                   |                  | 54,614        | 25,438            | 14,676             | 203                         | 8,369          | 4,930                   |
| 824                            | 35301     | Field Lines                         |                   |                  | 178,497       | 83,141            | 47,961             | 663                         | 30,620         | 16,112                  |
| 825                            | 35302     | Tributary Lines                     |                   |                  | 209,458       | 97,562            | 56,280             | 778                         | 38,931         | 19,908                  |
| 826                            | 35400     | Compressor Station Equipment        |                   |                  | 923,496       | 436,126           | 248,124            | 3,431                       | 158,412        | 83,353                  |
| 827                            | 35500     | Meas. & Reg. Equipment              |                   |                  | 240,883       | 112,199           | 64,724             | 895                         | 41,322         | 21,743                  |
| 828                            | 35600     | Purification Equipment              |                   |                  | 414,663       | 193,144           | 111,417            | 1,541                       | 71,133         | 37,429                  |
| 829                            |           | Total Storage Plant                 |                   |                  | 15,703,831    | 7,314,593         | 4,219,520          | 58,343                      | 2,680,906      | 1,417,469               |
| 830                            |           | Transmission:                       |                   |                  |               |                   |                    |                             |                |                         |
| 831                            |           | Land & Land Rights                  |                   |                  | 26,970        | 14,566            | 8,127              | -                           | 4,278          | -                       |
| 832                            | 36520     | Rights of Way                       |                   |                  | 807,772       | 408,640           | 281,499            | -                           | 137,633        | -                       |
| 833                            | 36602     | Structures & Improvements           |                   |                  | 48,002        | 26,493            | 14,766             | -                           | 7,772          | -                       |
| 834                            | 36603     | Other Structures                    |                   |                  | 50,826        | 32,849            | 18,330             | -                           | 9,647          | -                       |
| 835                            | 36700     | Mains Cathodic Protection           |                   |                  | 185,509       | 100,194           | 55,902             | -                           | 28,423         | -                       |
| 836                            | 36701     | Mains - Steel                       |                   |                  | 27,782,017    | 14,892,859        | 8,365,964          | -                           | 4,063,195      | -                       |
| 837                            | 36900     | Meas. & Reg. Equipment              |                   |                  | 615,022       | 332,142           | 185,334            | -                           | 97,546         | -                       |
| 838                            | 36901     | Meas. & Reg. Equipment              |                   |                  | 2,269,871     | 1,225,943         | 684,016            | -                           | 360,013        | -                       |
| 839                            |           | Total Transmission Plant            |                   |                  | 31,836,990    | 17,193,545        | 9,583,939          | 0                           | 5,048,506      | 0                       |
| 840                            |           | Distribution:                       |                   |                  |               |                   |                    |                             |                |                         |
| 841                            | 37400     | Land & Land Rights                  |                   |                  | 531,167       | 268,856           | 160,065            | -                           | 84,246         | -                       |
| 842                            | 37401     | Land                                |                   |                  | 37,326        | 20,158            | 11,248             | -                           | 5,820          | -                       |
| 843                            | 37402     | Land Rights                         |                   |                  | 1,608,932     | 814,898           | 464,710            | -                           | 239,324        | -                       |
| 844                            | 37403     | Land Other                          |                   |                  | 2,784         | 1,503             | 839                | -                           | 442            | -                       |
| 845                            | 37600     | Structures & Improvements           |                   |                  | 336,168       | 181,547           | 101,393            | -                           | 53,318         | -                       |
| 846                            | 37601     | Structures & Improvements T.B.      |                   |                  | 89,818        | 53,897            | 30,080             | -                           | 15,852         | -                       |
| 847                            | 37602     | Land Rights                         |                   |                  | 48,264        | 24,886            | 13,942             | -                           | 7,338          | -                       |
| 848                            | 37603     | Improvements                        |                   |                  | 4,065         | 2,163             | 1,207              | -                           | 636            | -                       |
| 849                            | 37604     | Mains Cathodic Protection           |                   |                  | 20,008,048    | 10,805,333        | 6,029,338          | -                           | 3,173,376      | -                       |
| 850                            | 37601     | Mains - Steel                       |                   |                  | 112,357,721   | 60,678,713        | 33,858,512         | -                           | 17,820,496     | -                       |
| 851                            | 37602     | Mains - Plastic                     |                   |                  | 97,163,197    | 52,472,820        | 29,278,708         | -                           | 15,410,588     | -                       |
| 852                            | 37900     | Meas. & Reg. Sta. Equip - General   |                   |                  | 7,482,831     | 4,030,303         | 2,248,894          | -                           | 1,183,843      | -                       |
| 853                            | 37900     | Meas. & Reg. Sta. Equip - City Gate |                   |                  | 3,151,875     | 1,702,168         | 949,864            | -                           | 489,903        | -                       |
| 854                            | 37905     | Meas. & Reg. Sta. Equipment T.B.    |                   |                  | 1,380,821     | 752,732           | 420,022            | -                           | 221,067        | -                       |
| 855                            | 38000     | Services                            |                   |                  | 118,202,045   | 105,214,238       | 12,848,414         | 7,692                       | 82,867         | 47,834                  |
| 856                            | 38100     | Meters                              |                   |                  | 34,890,273    | 20,730,610        | 12,918,067         | 57,288                      | 624,957        | 359,350                 |
| 857                            | 38200     | Meter Installations                 |                   |                  | 61,632,850    | 30,855,170        | 19,227,083         | 35,266                      | 930,178        | 534,862                 |
| 858                            | 38300     | House Regulators                    |                   |                  | 8,425,356     | 5,034,921         | 3,197,459          | 13,014                      | 151,786        | 87,277                  |
| 859                            | 38400     | House Reg. Installations            |                   |                  | 154,276       | 82,194            | 57,450             | 255                         | 2,779          | 1,598                   |
| 860                            | 38500     | Ind. Meas. & Reg. Sta. Equipment    |                   |                  | 5,433,873     | -                 | 5,375,972          | 3,216                       | 34,670         | 20,013                  |
| 861                            | 38600     | Other Prop. On Cust. Prem           |                   |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 862                            |           | Total Distribution Plant            |                   |                  | 462,642,336   | 293,755,317       | 127,125,116        | 167,832                     | 40,543,345     | 1,050,824               |

| Alcoa Energy Corporation, Kentucky/Mid-States Division   |                                     |  |           |           |           |       |         |             |             |             |         |            |           |
|--|-------------------------------------|--|-----------|-----------|-----------|-------|---------|-------------|-------------|-------------|---------|------------|-----------|
| Class Cost of Service - Demand-Only Study                |                                     |  |           |           |           |       |         |             |             |             |         |            |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                     |  |           |           |           |       |         |             |             |             |         |            |           |
| ALLOCATION OF PLANT IN SERVICE                           |                                     |  |           |           |           |       |         |             |             |             |         |            |           |
| 878  | General:                            |  |           |           |           |       |         |             |             |             |         |            |           |
| 879  | 38900                               | Land & Land Rights                           | 1,027,359 | 640,883   | 283,606   | 455   | 97,234  | 4,871       |             |             |         |            |           |
| 880  | 39000                               | Structures & Improvements                    | 5,235,434 | 3,285,979 | 1,446,294 | 2,319 | 485,513 | 25,330      |             |             |         |            |           |
| 881  | 39001                               | Structures Frame                             | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 882  | 39002                               | Structures Brick                             | 173,115   | 107,893   | 47,823    | 77    | 18,385  | 838         |             |             |         |            |           |
| 883  | 39003                               | Improvements                                 | 709,189   | 442,414   | 195,917   | 314   | 67,123  | 3,431       |             |             |         |            |           |
| 884  | 39004                               | Air Conditioning Equipment                   | 7,461     | 4,655     | 2,061     | 3     | 706     | 36          |             |             |         |            |           |
| 885  | 39009                               | Improvement to leased Premises               | 1,240,184 | 777,403   | 344,202   | 552   | 117,947 | 6,029       |             |             |         |            |           |
| 888  | 39100                               | Office Furniture & Equipment                 | 1,943,487 | 1,212,390 | 536,690   | 861   | 183,843 | 9,403       |             |             |         |            |           |
| 887  | 39102                               | Remittance Processing Equip                  | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 889  | 39103                               | Office Machines                              | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 889  | 39200                               | Transportation Equipment                     | 362,906   | 226,388   | 100,253   | 161   | 34,348  | 1,756       |             |             |         |            |           |
| 890  | 39201                               | Trucks                                       | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 891  | 39202                               | Trailers                                     | 33,192    | 20,706    | 9,169     | 15    | 3,141   | 161         |             |             |         |            |           |
| 892  | 39300                               | Stores Equipment                             | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 893  | 39400                               | Tools, Shop & Garage Equipment               | 2,654,269 | 1,855,791 | 733,244   | 1,176 | 251,216 | 12,642      |             |             |         |            |           |
| 894  | 39600                               | Power Operated Equipment                     | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 895  | 39603                               | Ditchers                                     | 47,303    | 29,609    | 13,067    | 21    | 4,477   | 239         |             |             |         |            |           |
| 896  | 39604                               | Backhoes                                     | 82,747    | 39,143    | 17,334    | 28    | 5,939   | 304         |             |             |         |            |           |
| 897  | 39905                               | Welders                                      | 33,236    | 20,733    | 9,161     | 15    | 3,148   | 161         |             |             |         |            |           |
| 898  | 39700                               | Communication Equipment                      | 402,868   | 251,388   | 111,328   | 176   | 38,142  | 1,980       |             |             |         |            |           |
| 899  | 39701                               | Communication Equipment - Mobile Radios      | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 900  | 39702                               | Communication Equipment - Fixed Radios       | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 901  | 39705                               | Communication Equip. - Telemetering          | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 902  | 39900                               | Miscellaneous Equipment                      | 4,286,852 | 2,676,356 | 1,184,744 | 1,800 | 405,903 | 20,750      |             |             |         |            |           |
| 903  | 39903                               | Other Tangible Property                      | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 904  | 39901                               | Other Tangible Property - Servers - HW       | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 905  | 39902                               | Other Tangible Property - Servers - SW       | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 906  | 39903                               | Other Tangible Property - Network - HW       | 94,709    | 59,082    | 28,103    | 42    | 8,864   | 458         |             |             |         |            |           |
| 907  | 39904                               | Other Tang. Property - CPU                   | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 908  | 39905                               | Other Tangible Property - MF - Hardware      | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 909  | 39906                               | Other Tang. Property - PC Hardware           | 1,846,713 | 1,027,256 | 454,906   | 729   | 158,955 | 7,987       |             |             |         |            |           |
| 910  | 39907                               | Other Tang. Property - PC Software           | 13,752    | 8,579     | 3,769     | 6     | 1,302   | 67          |             |             |         |            |           |
| 911  | 39908                               | Other Tang. Property - Mainframe SW          | 123,615   | 77,051    | 34,121    | 55    | 11,690  | 598         |             |             |         |            |           |
| 912  | 39909                               | Other Tang. Property - Application Software  | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 913  | 39924                               | Other Tang. Property - General Startup Costs | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 914  | Total General Plant                 |  |           |           |           |       |         | 20,106,234  | 12,642,710  | 5,554,368   | 8,906   | 1,902,973  | 97,279    |
| 916  | TOTAL DIRECT PLANT                  |  |           |           |           |       |         | 530,417,572 | 330,896,129 | 146,628,351 | 234,937 | 60,201,662 | 2,566,283 |
| 918  | CWP w/o AFUDC                       |  |           |           |           |       |         | 14,123,029  | 8,810,250   | 3,801,498   | 6,255   | 1,336,686  | 63,331    |
| 921  | Kentucky Mid-States General Office: |  |           |           |           |       |         |             |             |             |         |            |           |
| 922  | Intangible Plant:                   |  |           |           |           |       |         |             |             |             |         |            |           |
| 924  | 30100                               | Organization                                 | 90,989    | 56,749    | 25,130    | 40    | 8,610   | 440         |             |             |         |            |           |
| 926  | 30200                               | Franchises & Consents                        | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 927  | 30300                               | Misc Intangible Plant                        | 544,884   | 339,786   | 150,469   | 241   | 51,552  | 2,635       |             |             |         |            |           |
| 928  | Total Intangible Plant:             |  |           |           |           |       |         | 635,873     | 396,534     | 175,600     | 282     | 60,162     | 3,075     |
| 930  | General:                            |  |           |           |           |       |         |             |             |             |         |            |           |
| 933  | 37400                               | Land & Land Rights                           | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 934  | 39001                               | Structures Frame                             | 88,036    | 54,920    | 24,321    | 39    | 8,332   | 428         |             |             |         |            |           |
| 935  | 39602                               | Structures & Improvements                    | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 936  | 38900                               | Land & Land Rights                           | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 937  | 39004                               | Air Conditioning Equipment                   | 2,833     | 1,767     | 783       | 1     | 268     | 14          |             |             |         |            |           |
| 938  | 39009                               | Improvement to leased Premises               | 75,797    | 47,227    | 20,914    | 34    | 7,185   | 366         |             |             |         |            |           |
| 938  | 39100                               | Office Furniture & Equipment                 | 20,938    | 13,062    | 5,784     | 8     | 1,892   | 101         |             |             |         |            |           |
| 940  | 39102                               | Remittance Processing Equip                  | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 941  | 39103                               | Office Machines                              | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 942  | 39200                               | Transportation Equipment                     | 2,017     | 1,259     | 557       | 1     | 191     | 10          |             |             |         |            |           |
| 943  | 39201                               | Trucks                                       | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 944  | 39202                               | Trailers                                     | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 945  | 39300                               | Stores Equipment                             | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 946  | 39400                               | Tools, Shop & Garage Equipment               | 80,365    | 50,133    | 22,201    | 36    | 7,606   | 389         |             |             |         |            |           |
| 947  | 39600                               | Power Operated Equipment                     | 5,418     | 3,380     | 1,497     | 2     | 513     | 26          |             |             |         |            |           |
| 948  | 39603                               | Ditchers                                     | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 949  | 39604                               | Backhoes                                     | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 950  | 39605                               | Welders                                      | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 951  | 39700                               | Communication Equipment                      | 110,755   | 69,091    | 30,586    | 49    | 10,482  | 536         |             |             |         |            |           |
| 952  | 39701                               | Communication Equipment - Mobile Radios      | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 953  | 39702                               | Communication Equipment - Fixed Radios       | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 954  | 39705                               | Communication Equip. - Telemetering          | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 955  | 39900                               | Miscellaneous Equipment                      | 433,099   | 270,171   | 119,641   | 192   | 40,990  | 2,095       |             |             |         |            |           |
| 956  | 39903                               | Other Tangible Property                      | 37,796    | 23,578    | 10,441    | 17    | 3,577   | 183         |             |             |         |            |           |
| 957  | 39901                               | Other Tangible Property - Servers - HW       | 168,866   | 105,405   | 46,677    | 75    | 15,992  | 818         |             |             |         |            |           |
| 958  | 39902                               | Other Tangible Property - Servers - SW       | 4,061     | 2,534     | 1,122     | 2     | 384     | 20          |             |             |         |            |           |
| 959  | 39903                               | Other Tangible Property - Network - HW       | 102,775   | 64,113    | 28,392    | 46    | 9,727   | 497         |             |             |         |            |           |
| 960  | 39904                               | Other Tang. Property - CPU                   | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 961  | 39905                               | Other Tangible Property - MF - Hardware      | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 962  | 39906                               | Other Tang. Property - PC Hardware           | 189,683   | 99,552    | 44,085    | 71    | 15,104  | 772         |             |             |         |            |           |
| 963  | 39907                               | Other Tang. Property - PC Software           | 36,759    | 22,931    | 10,155    | 16    | 3,479   | 178         |             |             |         |            |           |
| 964  | 39908                               | Other Tang. Property - Mainframe SW          | 441,055   | 275,146   | 121,844   | 195   | 41,745  | 2,134       |             |             |         |            |           |
| 965  | 39909                               | Other Tang. Property - Application Software  | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 966  | 39924                               | Other Tang. Property - General Startup Costs | 0         | 0         | 0         | 0     | 0       | 0           |             |             |         |            |           |
| 967  | Total General Plant                 |  |           |           |           |       |         | 1,770,167   | 1,104,269   | 488,010     | 784     | 167,539    | 8,585     |
| 969  | CWP w/o AFUDC                       |  |           |           |           |       |         | (85,660)    | (53,436)    | (23,864)    | (38)    | (8,107)    | (414)     |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |       |  |             |             |             |         |            |
|--|-------|--|-------------|-------------|-------------|---------|------------|
| Class Goal of Service - Demand-Only Study                |       |  |             |             |             |         |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |             |             |             |         |            |
| ALLOCATION OF PLANT IN SERVICE                           |       |  |             |             |             |         |            |
| 971  |       |  |             |             |             |         |            |
| 972  |       | Shared Services General Office:              |             |             |             |         |            |
| 973  |       | General                                      |             |             |             |         |            |
| 974  |       |  |             |             |             |         |            |
| 975  |       |  |             |             |             |         |            |
| 976  | 37400 | Land & Land Rights                           | 0           | -           | -           | -       | -          |
| 977  | 39001 | Structures Frame                             | 0           | -           | -           | -       | -          |
| 978  | 36002 | Structures & Improvements                    | 264,248     | 164,844     | 72,959      | 117     | 25,010     |
| 979  | 37503 | Improvements                                 | 0           | -           | -           | -       | -          |
| 980  | 39004 | Air Conditioning Equipment                   | 0           | -           | -           | -       | -          |
| 981  | 39009 | Improvement to leased Premises               | 507,647     | 316,681     | 140,238     | 225     | 48,047     |
| 982  | 39100 | Office Furniture & Equipment                 | 591,034     | 368,700     | 163,274     | 262     | 55,939     |
| 983  | 39102 | Remittance Processing Equip                  | 0           | -           | -           | -       | -          |
| 984  | 38103 | Office Machines                              | 0           | -           | -           | -       | -          |
| 985  | 35200 | Transportation Equipment                     | 5,437       | 3,392       | 1,502       | 2       | 515        |
| 988  | 38201 | Trucks                                       | 0           | -           | -           | -       | -          |
| 987  | 36202 | Trailers                                     | 0           | -           | -           | -       | -          |
| 988  | 39300 | Stores Equipment                             | 0           | -           | -           | -       | -          |
| 989  | 39400 | Tools, Shop & Garage Equipment               | 64,202      | 62,527      | 23,261      | 37      | 7,569      |
| 990  | 39600 | Power Operated Equipment                     | 1,242       | 775         | 343         | 1       | 118        |
| 991  | 39903 | Ditchers                                     | 0           | -           | -           | -       | -          |
| 992  | 39904 | Backhoes                                     | 0           | -           | -           | -       | -          |
| 993  | 39905 | Welders                                      | 0           | -           | -           | -       | -          |
| 994  | 35700 | Communication Equipment                      | 133,888     | 83,522      | 36,987      | 59      | 12,572     |
| 995  | 39701 | Communication Equipment - Mobile Radios      | 0           | -           | -           | -       | -          |
| 996  | 39702 | Communication Equipment - Fixed Radios       | 0           | -           | -           | -       | -          |
| 997  | 39705 | Communication Equip. - Telemetering          | 0           | -           | -           | -       | -          |
| 998  | 39800 | Miscellaneous Equipment                      | 28,914      | 19,037      | 7,987       | 13      | 2,737      |
| 999  | 39900 | Other Tangible Property                      | 8,838       | 5,513       | 2,442       | 4       | 836        |
| 1000   | 39901 | Other Tangible Property - Servers - HW       | 1,522,373   | 1,030,787   | 456,470     | 732     | 156,390    |
| 1001   | 39902 | Other Tangible Property - Servers - S/W      | 1,813,025   | 831,048     | 279,849     | 449     | 95,879     |
| 1002   | 39903 | Other Tangible Property - Network - HW       | 176,623     | 111,429     | 49,345      | 79      | 16,906     |
| 1003   | 39904 | Other Tang. Property - CPU                   | 0           | -           | -           | -       | -          |
| 1004   | 39905 | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -       | -          |
| 1005   | 39906 | Other Tang. Property - PC Hardware           | 110,949     | 74,827      | 33,136      | 53      | 11,353     |
| 1006   | 39907 | Other Tang. Property - PC Software           | 36,078      | 22,605      | 9,966       | 16      | 3,414      |
| 1007   | 39908 | Other Tang. Property - Mainframe S/W         | 6,431,895   | 4,012,170   | 1,776,734   | 2,849   | 608,724    |
| 1008   | 39909 | Other Tang. Property - Application Software  | 51,884      | 32,229      | 14,272      | 23      | 4,890      |
| 1009   | 39924 | Other Tang. Property - General Startup Costs | 0           | -           | -           | -       | -          |
| 1010   |       |  |             |             |             |         |            |
| 1011   |       | Total General Plant                          | 11,108,756  | 6,929,896   | 3,068,604   | 4,920   | 1,051,359  |
| 1012   |       |  |             |             |             |         |            |
| 1013   |       | CWMP w/o AFUDC                               | 620,248     | 386,924     | 171,344     | 275     | 58,704     |
| 1014   |       |  |             |             |             |         |            |
| 1015   |       | Shared Services Customer Support:            |             |             |             |         |            |
| 1016   |       | General:                                     |             |             |             |         |            |
| 1017   |       |  |             |             |             |         |            |
| 1018   | 37400 | Land & Land Rights                           | 0           | -           | -           | -       | -          |
| 1019   | 39001 | Structures Frame                             | 184,639     | 116,182     | 51,007      | 82      | 17,475     |
| 1020   | 36002 | Structures & Improvements                    | 0           | -           | -           | -       | -          |
| 1021   | 36002 | Structures & Improvements                    | 837,684     | 522,566     | 231,411     | 371     | 78,283     |
| 1022   | 37503 | Improvements                                 | 0           | -           | -           | -       | -          |
| 1023   | 39004 | Air Conditioning Equipment                   | 0           | -           | -           | -       | -          |
| 1024   | 39009 | Improvement to leased Premises               | 245,637     | 153,172     | 67,630      | 109     | 23,239     |
| 1025   | 39100 | Office Furniture & Equipment                 | 130,678     | 81,520      | 36,100      | 58      | 12,568     |
| 1026   | 39102 | Remittance Processing Equip                  | 0           | -           | -           | -       | -          |
| 1027   | 39103 | Office Machines                              | 0           | -           | -           | -       | -          |
| 1028   | 35200 | Transportation Equipment                     | 0           | -           | -           | -       | -          |
| 1029   | 38201 | Trucks                                       | 0           | -           | -           | -       | -          |
| 1030   | 39202 | Trailers                                     | 0           | -           | -           | -       | -          |
| 1031   | 39300 | Stores Equipment                             | 0           | -           | -           | -       | -          |
| 1032   | 39400 | Tools, Shop & Garage Equipment               | 0           | -           | -           | -       | -          |
| 1033   | 39600 | Power Operated Equipment                     | 0           | -           | -           | -       | -          |
| 1034   | 39903 | Ditchers                                     | 0           | -           | -           | -       | -          |
| 1035   | 39904 | Backhoes                                     | 0           | -           | -           | -       | -          |
| 1036   | 39905 | Welders                                      | 0           | -           | -           | -       | -          |
| 1037   | 39700 | Communication Equipment                      | 115,063     | 71,779      | 31,786      | 51      | 10,890     |
| 1038   | 39701 | Communication Equipment - Mobile Radios      | 0           | -           | -           | -       | -          |
| 1039   | 39702 | Communication Equipment - Fixed Radios       | 0           | -           | -           | -       | -          |
| 1040   | 39705 | Communication Equip. - Telemetering          | 0           | -           | -           | -       | -          |
| 1041   | 39800 | Miscellaneous Equipment                      | 3,476       | 2,189       | 980         | 2       | 329        |
| 1042   | 39900 | Other Tangible Property                      | 36,837      | 23,042      | 10,204      | 16      | 3,496      |
| 1043   | 39901 | Other Tangible Property - Servers - HW       | 468,909     | 292,516     | 129,537     | 208     | 44,390     |
| 1044   | 39902 | Other Tangible Property - Servers - S/W      | 104,665     | 65,417      | 28,969      | 46      | 9,925      |
| 1045   | 39903 | Other Tangible Property - Network - HW       | 38,067      | 22,499      | 9,963       | 16      | 3,414      |
| 1046   | 39904 | Other Tang. Property - CPU                   | 0           | -           | -           | -       | -          |
| 1047   | 39905 | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -       | -          |
| 1048   | 39906 | Other Tang. Property - PC Hardware           | 59,881      | 37,355      | 16,542      | 27      | 5,668      |
| 1049   | 39907 | Other Tang. Property - PC Software           | 11,768      | 7,339       | 3,230       | 5       | 1,114      |
| 1050   | 39908 | Other Tang. Property - Mainframe S/W         | 6,431,895   | 4,012,042   | 1,776,676   | 2,849   | 608,705    |
| 1051   | 39909 | Other Tang. Property - Application Software  | 0           | -           | -           | -       | -          |
| 1052   | 39924 | Other Tang. Property - General Startup Costs | 0           | -           | -           | -       | -          |
| 1053   |       |  |             |             |             |         |            |
| 1054   |       | Total General Plant                          | 6,666,892   | 4,406,598   | 2,394,237   | 3,839   | 820,288    |
| 1055   |       |  |             |             |             |         |            |
| 1056   |       | CWMP w/o AFUDC                               | 74,130      | 46,244      | 20,479      | 33      | 7,016      |
| 1057   |       |  |             |             |             |         |            |
| 1058   |       | TOTAL PLANT IN SERVICE                       | 552,699,040 | 344,723,416 | 152,850,002 | 244,762 | 52,301,248 |
| 1059   |       |  |             |             |             |         |            |
| 1060   |       | TOTAL CWMP W/O AFUDC                         | 14,731,739  | 9,189,982   | 4,069,857   | 6,525   | 1,394,299  |



| Afnor Energy Corporation, Kentucky/Mid-States Division   |           |                   |                                    |               |                   |                    |                             |                |                         |
|--|-----------|-------------------|------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |           |                   |                                    |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                   |                                    |               |                   |                    |                             |                |                         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                   |                                    |               |                   |                    |                             |                |                         |
| Customer   |           |                   |                                    |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Allocation Factor | Allocation Basis                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  |           |                   |                                    |               |                   |                    |                             |                |                         |
| 2  |           |                   |                                    |               |                   |                    |                             |                |                         |
| 3  | 30100     | 6.2               | P, S, T & D Plant - Customer       | 3,568         | 2,644             | 875                | 3                           | 30             | 17                      |
| 4  | 30200     | 6.2               | Franchises & Consents              | 51,339        | 38,040            | 12,584             | 39                          | 429            | 247                     |
| 5  | 30300     | 99.0              | Misc Intangible Plant              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 6  |           |                   |                                    |               |                   |                    |                             |                |                         |
| 7  |           |                   |                                    |               |                   |                    |                             |                |                         |
| 8  |           |                   |                                    |               |                   |                    |                             |                |                         |
| 9  |           |                   |                                    |               |                   |                    |                             |                |                         |
| 10   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 11   | 32520     | 99.0              | Producing Leaseholds               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 12   | 32540     | 99.0              | Rights of Way                      | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 13   | 33100     | 99.0              | Production Gas Wells Equipment     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 14   | 33201     | 99.0              | Field Lines                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 15   | 33202     | 99.0              | Tributary Lines                    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 16   | 33400     | 99.0              | Field Meas. & Reg. Sta. Equip      | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 17   | 33500     | 99.0              | Purification Equipment             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 18   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 19   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 20   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 21   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 22   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 23   | 35010     | 99.0              | Land                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 24   | 35020     | 99.0              | Rights of Way                      | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 25   | 35100     | 99.0              | Structures and Improvements        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 26   | 35102     | 99.0              | Compression Station Equipment      | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 27   | 35103     | 99.0              | Meas. & Reg. Sta. Structures       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 28   | 35104     | 99.0              | Other Structures                   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 29   | 35200     | 99.0              | Wells \ Rights of Way              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 30   | 35201     | 99.0              | Well Construction                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 31   | 35202     | 99.0              | Well Equipment                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 32   | 35203     | 99.0              | Flushion Gas                       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 33   | 35210     | 99.0              | Leaseholds                         | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 34   | 35211     | 99.0              | Storage Rights                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 35   | 35301     | 99.0              | Field Lines                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 36   | 35302     | 99.0              | Tributary Lines                    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 37   | 35400     | 99.0              | Compressor Station Equipment       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 38   | 35500     | 99.0              | Meas. & Reg. Equipment             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 39   | 35600     | 99.0              | Purification Equipment             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 40   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 41   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 42   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 43   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 44   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 45   | 36510     | 99.0              | Land & Land Rights                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 46   | 36520     | 99.0              | Rights of Way                      | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 47   | 36602     | 99.0              | Structures & Improvements          | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 48   | 36603     | 99.0              | Other Structures                   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 49   | 36700     | 99.0              | Mkps Cathodic Protection           | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 50   | 36701     | 99.0              | Mkps - Steel                       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 51   | 36900     | 99.0              | Meas. & Reg. Equipment             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 52   | 36901     | 99.0              | Meas. & Reg. Equipment             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 53   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 54   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 55   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 56   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 57   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 58   | 37400     | 2.0               | Land & Land Rights                 | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 59   | 37401     | 2.0               | Land                               | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 60   | 37402     | 2.0               | Land Rights                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 61   | 37403     | 2.0               | Land Other                         | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 62   | 37500     | 2.0               | Structures & Improvements          | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 63   | 37501     | 2.0               | Structures & Improvements T.B.     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 64   | 37602     | 2.0               | Land Rights                        | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 65   | 37503     | 2.0               | Improvements                       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 66   | 37600     | 2.0               | Mkps Cathodic Protection           | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 67   | 37601     | 2.0               | Mkps - Steel                       | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 68   | 37602     | 2.0               | Mkps - Plastic                     | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 69   | 37600     | 2.0               | Meas & Reg. Sta. Equip - General   | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 70   | 37600     | 2.0               | Meas & Reg. Sta. Equip - City Gate | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 71   | 37600     | 2.0               | Meas & Reg. Sta. Equipment T.B.    | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 72   | 38000     | 2.0               | Services                           | 41,215,383    | 36,698,701        | 4,480,407          | 2,682                       | 28,895         | 16,679                  |
| 73   | 38100     | 4.0               | Meter Investment                   | 17,354,748    | 10,371,050        | 6,482,913          | 29,660                      | 312,662        | 179,776                 |
| 74   | 38200     | 4.0               | Meter Installations                | 22,442,436    | 13,411,409        | 8,357,181          | 37,062                      | 404,308        | 232,477                 |
| 75   | 38300     | 4.0               | House Regulators                   | 3,388,849     | 2,031,123         | 1,265,673          | 5,613                       | 61,231         | 35,206                  |
| 76   | 38400     | 4.0               | House Reg. Installations           | 76,900        | 46,991            | 28,659             | 127                         | 1,386          | 797                     |
| 77   | 38500     | 2.2               | Ind. Meas. & Reg. Sta. Equipment   | 2,791,805     | 0                 | 2,762,056          | 1,683                       | 17,813         | 10,262                  |
| 78   | 38500     | 99.0              | Other Prop. On Cust. Prem.         | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 79   |           |                   |                                    |               |                   |                    |                             |                |                         |
| 80   |           |                   |                                    |               |                   |                    |                             |                |                         |
|  |           |                   |                                    | 87,280,162    | 62,546,272        | 23,356,590         | 75,797                      | 826,285        | 475,216                 |

| Almos Energy Corporation, Kentucky/Mid-States Division   |  |      |                              |             |             |            |
|--|--|------|------------------------------|-------------|-------------|------------|
| Class Cost of Service - Demand-Only Study                |  |      |                              |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |      |                              |             |             |            |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |      |                              |             |             |            |
| 81   | General:   |      |                              |             |             |            |
| 83   |  |      |                              |             |             |            |
| 84   | 38900 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 85   | 39000 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 81,138      | 60,120      | 19,888     |
| 86   | 39001 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 87   | 39002 Improvements                                 | 6.2  | P, S, T & D Plant - Customer | 28,402      | 21,044      | 6,861      |
| 88   | 39003 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 71,359      | 52,904      | 17,501     |
| 89   | 39004 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 1,101       | 816         | 270        |
| 90   | 39009 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 388,826     | 288,103     | 99,304     |
| 91   | 39100 Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 293,296     | 217,297     | 71,882     |
| 92   | 39102 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 93   | 39103 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 94   | 39200 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 75,224      | 55,738      | 18,438     |
| 95   | 39201 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 12,991      | 9,626       | 3,184      |
| 96   | 39202 Stores Equipment                             | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 97   | 39300 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 98   | 39400 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 285,443     | 198,682     | 85,062     |
| 99   | 39500 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 100  | 39503 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 13,954      | 10,339      | 3,420      |
| 101  | 39504 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 20,664      | 15,311      | 5,065      |
| 102  | 39905 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 9,515       | 7,050       | 2,392      |
| 103  | 39700 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 61,566      | 45,610      | 15,088     |
| 104  | 39701 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 105  | 39702 Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 108  | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | (14,951)    | (11,078)    | (3,665)    |
| 107  | 39900 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 619,652     | 384,965     | 127,346    |
| 108  | 39901 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 109  | 39901 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 110  | 39902 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 111  | 39903 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 9,362       | 6,937       | 2,295      |
| 112  | 39904 Other Tang. Property - MF - Hardware         | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 113  | 39905 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 114  | 39906 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 209,119     | 154,948     | 51,257     |
| 115  | 39907 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 5,891       | 4,365       | 1,444      |
| 116  | 39908 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 52,908      | 39,202      | 12,968     |
| 117  | 39909 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 118  | Retirement Work in Progress                        | 6.2  | P, S, T & D Plant - Customer | (2,970,829) | (2,201,251) | (728,173)  |
| 119  | AR 16 general plant amortization                   | 6.2  | P, S, T & D Plant - Customer | 281,696     | 186,643     | 61,741     |
| 120  |  |      |                              |             |             |            |
| 121  | Total General Plant                                |      |                              | (613,573)   | (454,630)   | (150,392)  |
| 122  |  |      |                              |             |             |            |
| 123  | TOTAL DIRECT RESERVE FOR DEPRECIATION              |      |                              | 86,721,498  | 62,132,326  | 23,219,657 |
| 124  |  |      |                              |             |             |            |
| 125  | Kentucky Mid-States General Office:                |      |                              |             |             |            |
| 126  |  |      |                              |             |             |            |
| 127  | In tangible Plant:                                 |      |                              |             |             |            |
| 128  |  |      |                              |             |             |            |
| 129  | 30100 Organization                                 | 99.0 |                              | 0           |             |            |
| 130  | 30200 Franchises & Consents                        | 99.0 |                              | 0           |             |            |
| 131  | 30300 Misc Intangible Plant                        | 99.0 |                              | 0           |             |            |
| 132  |  |      |                              |             |             |            |
| 133  | Total Intangible Plant:                            |      |                              | 0           |             |            |
| 134  |  |      |                              |             |             |            |
| 135  | General:   |      |                              |             |             |            |
| 136  |  |      |                              |             |             |            |
| 137  | 37400 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 138  | 38001 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 19,449      | 14,411      | 4,787      |
| 139  | 38002 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 140  | 38000 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 141  | 38004 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 1,335       | 989         | 327        |
| 142  | 39009 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 8,832       | 6,544       | 2,165      |
| 143  | 38100 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 8,816       | 6,606       | 2,185      |
| 144  | 38102 Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 145  | 38103 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 146  | 38200 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 864         | 640         | 212        |
| 147  | 38201 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 148  | 38202 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 149  | 38300 Stores Equipment                             | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 150  | 38400 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 30,180      | 22,347      | 7,392      |
| 151  | 38500 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 1,188       | 890         | 291        |
| 152  | 38503 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 153  | 38504 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 154  | 38505 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 155  | 39700 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 47,110      | 34,808      | 11,547     |
| 156  | 39701 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 157  | 39702 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 158  | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 159  | 39900 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 136,992     | 101,505     | 33,578     |
| 160  | 39901 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 15,190      | 11,395      | 3,568      |
| 161  | 39901 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 69,252      | 51,313      | 16,974     |
| 162  | 39902 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 1,740       | 1,289       | 426        |
| 163  | 39903 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 44,024      | 32,620      | 10,791     |
| 164  | 39904 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 165  | 39905 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 166  | 39906 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 68,359      | 50,650      | 19,756     |
| 167  | 39907 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 12,411      | 9,198       | 3,042      |
| 168  | 39908 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 188,931     | 139,990     | 46,309     |
| 169  | 39909 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 170  | 39924 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |
| 171  | Retirement Work in Progress                        | 6.2  | P, S, T & D Plant - Customer | 12,092      | 8,950       | 2,964      |
| 172  |  |      |                              |             |             |            |
| 173  | Total General Plant                                |      |                              | 667,843     | 494,842     | 163,694    |

Alamos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

| ALLOCATION OF RESERVE FOR DEPRECIATION |       |  |                                   |            |            |            |        |         |  |         |  |
|--|-------|--|-----------------------------------|------------|------------|------------|--------|---------|--|---------|--|
| 174                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 175                                    |       | Shared Services General Office:              |                                   |            |            |            |        |         |  |         |  |
| 176                                    |       | General:                                     |                                   |            |            |            |        |         |  |         |  |
| 177                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 178                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 179                                    | 37400 | Land & Land Rights                           | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 180                                    | 39500 | Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 35,979     | 28,659     | 8,619      | 28     | 301     |  | 173     |  |
| 181                                    | 36502 | Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 182                                    | 37503 | Improvements                                 | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 183                                    | 30004 | Air Conditioning Equipment                   | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 184                                    | 39009 | Improvement to leased Premises               | 6.2, P, S, T & D Plant - Customer | 211,162    | 156,492    | 51,759     | 162    | 1,766   |  | 1,015   |  |
| 185                                    | 39100 | Office Furniture & Equipment                 | 6.2, P, S, T & D Plant - Customer | 147,349    | 109,179    | 36,116     | 113    | 1,232   |  | 709     |  |
| 186                                    | 39102 | Remittance Processing Equip                  | 6.2, P, S, T & D Plant - Customer | 132        | 98         | 32         | 0      | 1       |  | 1       |  |
| 187                                    | 39103 | Office Machines                              | 6.2, P, S, T & D Plant - Customer | 65         | 48         | 16         | 0      | 1       |  | 0       |  |
| 188                                    | 39200 | Transportation Equipment                     | 6.2, P, S, T & D Plant - Customer | 2,330      | 1,727      | 571        | 2      | 19      |  | 11      |  |
| 189                                    | 39201 | Trucks                                       | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 190                                    | 39202 | Trailers                                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 191                                    | 39300 | Stores Equipment                             | 6.2, P, S, T & D Plant - Customer | 17         | 13         | 4          | 0      | 0       |  | 0       |  |
| 192                                    | 39400 | Tools, Shop & Garage Equipment               | 6.2, P, S, T & D Plant - Customer | 5,077      | 3,762      | 1,244      | 4      | 42      |  | 24      |  |
| 193                                    | 39500 | Power Operated Equipment                     | 6.2, P, S, T & D Plant - Customer | 248        | 184        | 61         | 0      | 2       |  | 1       |  |
| 194                                    | 39503 | Ditchers                                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 195                                    | 39504 | Backhoes                                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 196                                    | 39505 | Welders                                      | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 197                                    | 39700 | Communication Equipment                      | 6.2, P, S, T & D Plant - Customer | 32,217     | 23,871     | 7,807      | 25     | 269     |  | 155     |  |
| 198                                    | 39701 | Communication Equipment - Mobile Radios      | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 199                                    | 39702 | Communication Equipment - Fixed Radios       | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 200                                    | 39705 | Communication Equip. - Telemetering          | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 201                                    | 39900 | Miscellaneous Equipment                      | 6.2, P, S, T & D Plant - Customer | 3,153      | 2,343      | 775        | 2      | 26      |  | 15      |  |
| 202                                    | 39902 | Other Tangible Property                      | 6.2, P, S, T & D Plant - Customer | 3,145      | 2,330      | 771        | 2      | 26      |  | 15      |  |
| 203                                    | 39901 | Other Tangible Property - Servers - HW       | 6.2, P, S, T & D Plant - Customer | 200,389    | 148,479    | 49,117     | 154    | 1,675   |  | 994     |  |
| 204                                    | 39902 | Other Tangible Property - Servers - SW       | 6.2, P, S, T & D Plant - Customer | 205,513    | 152,276    | 50,373     | 153    | 1,718   |  | 988     |  |
| 205                                    | 39903 | Other Tangible Property - Network - HW       | 6.2, P, S, T & D Plant - Customer | 33,521     | 24,837     | 6,216      | 29     | 280     |  | 181     |  |
| 206                                    | 39904 | Other Tang. Property - CPU                   | 6.2, P, S, T & D Plant - Customer | 285        | 285        | 95         | 0      | 3       |  | 2       |  |
| 207                                    | 39905 | Other Tangible Property - MF - Hardware      | 6.2, P, S, T & D Plant - Customer | 347        | 297        | 85         | 0      | 3       |  | 2       |  |
| 208                                    | 39906 | Other Tang. Property - PC Hardware           | 6.2, P, S, T & D Plant - Customer | 33,696     | 24,950     | 8,257      | 26     | 282     |  | 162     |  |
| 209                                    | 39907 | Other Tang. Property - PC Software           | 6.2, P, S, T & D Plant - Customer | 12,728     | 9,430      | 3,119      | 10     | 106     |  | 61      |  |
| 210                                    | 39908 | Other Tang. Property - Mainframe SW          | 6.2, P, S, T & D Plant - Customer | 1,993,631  | 1,447,553  | 478,850    | 1,499  | 16,335  |  | 9,365   |  |
| 211                                    | 39909 | Other Tang. Property - Application Software  | 6.2, P, S, T & D Plant - Customer | 24,743     | 18,334     | 6,065      | 19     | 207     |  | 119     |  |
| 212                                    | 39924 | Other Tang. Property - General Startup Costs | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 213                                    |       | Retirement Work In Progress                  | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 214                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 215                                    |       | Total General Plant                          |                                   | 2,905,825  | 2,153,086  | 712,240    | 2,229  | 24,296  |  | 13,974  |  |
| 216                                    |       |  |                                   | 180,939    | 134,068    | 44,350     | 139    | 1,513   |  | 870     |  |
| 217                                    |       | Shared Services Customer Support:            |                                   |            |            |            |        |         |  |         |  |
| 218                                    |       | General:                                     |                                   |            |            |            |        |         |  |         |  |
| 219                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 220                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 221                                    | 37400 | Land & Land Rights                           | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 222                                    | 39001 | Structures Frame                             | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 223                                    | 36502 | Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 104,612    | 77,513     | 25,641     | 80     | 875     |  | 503     |  |
| 224                                    | 37503 | Improvements                                 | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 225                                    | 38004 | Air Conditioning Equipment                   | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 226                                    | 39009 | Improvement to leased Premises               | 6.2, P, S, T & D Plant - Customer | 93,341     | 68,182     | 22,879     | 72     | 780     |  | 449     |  |
| 227                                    | 39100 | Office Furniture & Equipment                 | 6.2, P, S, T & D Plant - Customer | 10,932     | 8,100      | 2,650      | 8      | 91      |  | 53      |  |
| 228                                    | 39102 | Remittance Processing Equip                  | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 229                                    | 39103 | Office Machines                              | 6.2, P, S, T & D Plant - Customer | 4          | 3          | 1          | 0      | 0       |  | 0       |  |
| 230                                    | 39200 | Transportation Equipment                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 231                                    | 39201 | Trucks                                       | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 232                                    | 39202 | Trailers                                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 233                                    | 39300 | Stores Equipment                             | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 234                                    | 39400 | Tools, Shop & Garage Equipment               | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 235                                    | 39500 | Power Operated Equipment                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 236                                    | 39503 | Ditchers                                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 237                                    | 39504 | Backhoes                                     | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 238                                    | 39505 | Welders                                      | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 239                                    | 39700 | Communication Equipment                      | 6.2, P, S, T & D Plant - Customer | (145,523)  | (107,828)  | (35,699)   | (112)  | (1,217) |  | (700)   |  |
| 240                                    | 39701 | Communication Equipment - Mobile Radios      | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 241                                    | 39702 | Communication Equipment - Fixed Radios       | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 242                                    | 39705 | Communication Equip. - Telemetering          | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 243                                    | 39900 | Miscellaneous Equipment                      | 6.2, P, S, T & D Plant - Customer | 86         | 64         | 21         | 0      | 1       |  | 0       |  |
| 244                                    | 39902 | Other Tangible Property                      | 6.2, P, S, T & D Plant - Customer | 7,548      | 5,593      | 1,850      | 6      | 63      |  | 36      |  |
| 245                                    | 39901 | Other Tangible Property - Servers - HW       | 6.2, P, S, T & D Plant - Customer | 93,235     | 69,083     | 22,853     | 72     | 780     |  | 448     |  |
| 246                                    | 39902 | Other Tangible Property - Servers - SW       | 6.2, P, S, T & D Plant - Customer | 28,210     | 19,421     | 6,424      | 20     | 219     |  | 120     |  |
| 247                                    | 39903 | Other Tangible Property - Network - HW       | 6.2, P, S, T & D Plant - Customer | 2,895      | 2,123      | 702        | 2      | 24      |  | 14      |  |
| 248                                    | 39904 | Other Tang. Property - CPU                   | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 249                                    | 39905 | Other Tangible Property - MF - Hardware      | 6.2, P, S, T & D Plant - Customer | 0          |            |            |        |         |  |         |  |
| 250                                    | 39906 | Other Tang. Property - PC Hardware           | 6.2, P, S, T & D Plant - Customer | (862)      | (638)      | (211)      | (1)    | (7)     |  | (4)     |  |
| 251                                    | 39907 | Other Tang. Property - PC Software           | 6.2, P, S, T & D Plant - Customer | (127)      | (94)       | (31)       | (0)    | (1)     |  | (1)     |  |
| 252                                    | 39908 | Other Tang. Property - Mainframe SW          | 6.2, P, S, T & D Plant - Customer | 1,225,057  | 907,712    | 300,271    | 940    | 10,243  |  | 5,891   |  |
| 253                                    | 39909 | Other Tang. Property - Application Software  | 6.2, P, S, T & D Plant - Customer | 289        | 214        | 71         | 0      | 2       |  | 1       |  |
| 254                                    | 39924 | Other Tang. Property - General Startup Costs | 6.2, P, S, T & D Plant - Customer | 640        | 474        | 157        | 0      | 5       |  | 3       |  |
| 255                                    |       | Retirement Work In Progress                  | 6.2, P, S, T & D Plant - Customer | 198        | 147        | 49         | 0      | 2       |  | 1       |  |
| 256                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 257                                    |       | Total General Plant                          |                                   | 1,418,608  | 1,051,651  | 347,687    | 1,089  | 11,860  |  | 6,821   |  |
| 258                                    |       |  |                                   |            |            |            |        |         |  |         |  |
| 259                                    |       | TOTAL RESERVE FOR DEPRECIATION - CUSTOMER    |                                   | 91,713,673 | 65,831,304 | 24,443,278 | 79,197 | 863,355 |  | 488,530 |  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|----------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Demand   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Line No.   | Acc't No. |                                     | Allocation Factor | Allocation Basis           | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 260  |           | Intangible Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 261  | 30100     | Organization                        | 6.4               | P, S, T & D Plant - Demand | 4,633         | 2,502             | 1,396              | -                           | 735            | -                       |
| 263  | 30200     | Franchises & Consents               | 6.4               | P, S, T & D Plant - Demand | 66,669        | 38,004            | 20,090             | -                           | 10,574         | -                       |
| 264  | 30300     | Misc Intangible Plant               | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 265  |           | Total Intangible Plant:             |                   |                            | 71,302        | 38,507            | 21,487             | 0                           | 11,309         | 0                       |
| 267  |           | Production Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 268  |           | Producing Leaseholds                | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 270  | 32520     | Rights of Ways                      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 271  | 32540     | Production Gas Wells Equipment      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 272  | 33103     | Field Lines                         | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 273  | 33221     | Tributary Lines                     | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 274  | 33202     | Field Meas. & Reg. Sta. Equip       | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 275  | 33400     | Purification Equipment              | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 276  | 33600     |                                     | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 277  |           | Total Production Plant              |                   |                            | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 278  |           | Storage Plant:                      |                   |                            |               |                   |                    |                             |                |                         |
| 279  |           | Land                                | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 280  | 35010     | Rights of Way                       | 3.0               | Peak Day                   | 2,710         | 1,484             | 817                | -                           | 430            | -                       |
| 281  | 35020     | Structures and Improvements         | 3.0               | Peak Day                   | 2,750         | 1,485             | 829                | -                           | 438            | -                       |
| 282  | 35102     | Compressor Station Equipment        | 3.0               | Peak Day                   | 54,940        | 29,670            | 16,556             | -                           | 8,714          | -                       |
| 283  | 35103     | Meas. & Reg. Sta. Structures        | 3.0               | Peak Day                   | 10,027        | 5,415             | 3,022              | -                           | 1,590          | -                       |
| 284  | 35104     | Other Structures                    | 3.0               | Peak Day                   | 46,113        | 25,983            | 14,499             | -                           | 7,631          | -                       |
| 285  | 35200     | Wells & Rights of Way               | 3.0               | Peak Day                   | 526,288       | 274,501           | 153,170            | -                           | 80,617         | -                       |
| 286  | 35201     | Well Construction                   | 3.0               | Peak Day                   | 683,774       | 369,271           | 206,052            | -                           | 108,450        | -                       |
| 287  | 35202     | Well Equipment                      | 3.0               | Peak Day                   | 189,533       | 102,357           | 57,115             | -                           | 30,061         | -                       |
| 288  | 35203     | Cushion Gas                         | 3.0               | Peak Day                   | 340,743       | 184,018           | 102,681            | -                           | 54,043         | -                       |
| 289  | 35210     | Leaseholds                          | 3.0               | Peak Day                   | 83,194        | 44,329            | 25,070             | -                           | 13,195         | -                       |
| 290  | 35211     | Storage Rights                      | 3.0               | Peak Day                   | 21,536        | 11,632            | 6,490              | -                           | 3,416          | -                       |
| 291  | 35301     | Field Lines                         | 3.0               | Peak Day                   | 77,071        | 41,622            | 23,225             | -                           | 12,224         | -                       |
| 292  | 35302     | Tributary Lines                     | 3.0               | Peak Day                   | 106,591       | 57,564            | 32,121             | -                           | 16,906         | -                       |
| 293  | 35400     | Compressor Station Equipment        | 3.0               | Peak Day                   | 240,303       | 128,775           | 72,414             | -                           | 38,113         | -                       |
| 294  | 35500     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 103,296       | 56,785            | 31,128             | -                           | 16,383         | -                       |
| 295  | 35600     | Purification Equipment              | 3.0               | Peak Day                   | 78,850        | 42,583            | 23,761             | -                           | 12,536         | -                       |
| 296  |           | Total Storage Plant                 |                   |                            | 2,651,720     | 1,378,055         | 768,950            | -                           | 404,716        | -                       |
| 297  |           | Transmission:                       |                   |                            |               |                   |                    |                             |                |                         |
| 298  |           | Land & Land Rights                  | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 299  | 36510     | Rights of Way                       | 3.0               | Peak Day                   | 452,087       | 244,149           | 136,235            | -                           | 71,703         | -                       |
| 300  | 36602     | Structures & Improvements           | 3.0               | Peak Day                   | 13,411        | 7,243             | 4,041              | -                           | 2,127          | -                       |
| 301  | 36603     | Other Structures                    | 3.0               | Peak Day                   | 47,280        | 25,534            | 14,248             | -                           | 7,489          | -                       |
| 302  | 36700     | Mains Cathodic Protection           | 3.0               | Peak Day                   | 136,982       | 70,797            | 39,471             | -                           | 20,774         | -                       |
| 303  | 36701     | Mains - Steel                       | 3.0               | Peak Day                   | 18,289,712    | 9,877,547         | 5,511,526          | -                           | 2,900,840      | -                       |
| 304  | 36900     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 267,055       | 144,223           | 80,476             | -                           | 42,366         | -                       |
| 305  | 36901     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 1,454,876     | 785,705           | 438,421            | -                           | 230,751        | -                       |
| 306  |           | Total Transmission Plant            |                   |                            | 20,655,404    | 11,154,938        | 6,224,417          | -                           | 3,276,050      | -                       |
| 307  |           | Distribution:                       |                   |                            |               |                   |                    |                             |                |                         |
| 308  |           | Land & Land Rights                  | 3.0               | Peak Day                   | (0)           | (0)               | (0)                | -                           | (0)            | -                       |
| 309  | 37401     | Land                                | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 310  | 37402     | Land Rights                         | 3.0               | Peak Day                   | 120,248       | 64,940            | 36,236             | -                           | 19,072         | -                       |
| 311  | 37403     | Land Other                          | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 312  | 37500     | Structures & Improvements           | 3.0               | Peak Day                   | 93,080        | 50,268            | 28,049             | -                           | 14,703         | -                       |
| 313  | 37501     | Structures & Improvements T.B.      | 3.0               | Peak Day                   | 82,867        | 33,951            | 18,945             | -                           | 9,971          | -                       |
| 314  | 37602     | Land Rights                         | 3.0               | Peak Day                   | 31,717        | 17,129            | 9,558              | -                           | 5,030          | -                       |
| 315  | 37603     | Improvements                        | 3.0               | Peak Day                   | 1,948         | 890               | 497                | -                           | 261            | -                       |
| 316  | 37600     | Mains Cathodic Protection           | 3.0               | Peak Day                   | 12,963,728    | 6,785,032         | 3,766,024          | -                           | 1,992,670      | -                       |
| 317  | 37601     | Mains - Steel                       | 3.0               | Peak Day                   | 25,503,852    | 13,773,338        | 7,685,475          | -                           | 4,045,038      | -                       |
| 318  | 37602     | Mains - Plastic                     | 3.0               | Peak Day                   | 14,330,470    | 7,739,181         | 4,318,425          | -                           | 2,272,884      | -                       |
| 319  | 37800     | Meas. & Reg. Sta. Equip - General   | 3.0               | Peak Day                   | 2,038,790     | 1,101,047         | 614,381            | -                           | 323,362        | -                       |
| 320  | 37800     | Meas. & Reg. Sta. Equip - City Gate | 3.0               | Peak Day                   | 639,817       | 345,913           | 191,502            | -                           | 101,002        | -                       |
| 321  | 37508     | Meas. & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day                   | 872,464       | 471,174           | 262,913            | -                           | 138,377        | -                       |
| 322  | 38000     | Services                            | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 323  | 38100     | Meters                              | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 324  | 38200     | Meter Installations                 | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 325  | 38300     | House Regulators                    | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 326  | 38400     | House Reg. Installations            | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 327  | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 328  | 38600     | Other Prop. On Cust. Prem           | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 329  |           | Total Distribution Plant            |                   |                            | 56,255,679    | 30,380,843        | 16,952,405         | -                           | 8,922,432      | -                       |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |          |  |  |                            |                            |             |         |
|--|----------|--|--|----------------------------|----------------------------|-------------|---------|
| Class Cost of Service - Demand-Only Study                |          |  |  |                            |                            |             |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |  |                            |                            |             |         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |          |  |  |                            |                            |             |         |
| 340  | General: |  |  |                            |                            |             |         |
| 341  | General: |  |  |                            |                            |             |         |
| 342  | General: |  |  |                            |                            |             |         |
| 343  | 38900    | Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 344  | 39000    | Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 105,365                    | 56,903      |         |
| 345  | 39001    | Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 346  | 39002    | Improvements                                 | 6.4  | P, S, T & D Plant - Demand | 38,882                     | 19,918      |         |
| 347  | 39003    | Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 92,719                     | 50,073      |         |
| 348  | 39004    | Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 1,430                      | 772         |         |
| 349  | 39009    | Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 604,828                    | 272,686     |         |
| 350  | 39100    | Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 380,633                    | 205,609     |         |
| 351  | 39102    | Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 352  | 39103    | Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 353  | 39200    | Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 97,886                     | 52,755      |         |
| 354  | 39201    | Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 16,871                     | 0,111       |         |
| 355  | 39202    | Stores Equipment                             | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 356  | 39300    | Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 357  | 39400    | Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 344,703                    | 189,157     |         |
| 358  | 39500    | Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 359  | 39603    | Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 18,121                     | 9,786       |         |
| 360  | 39604    | Welders                                      | 6.4  | P, S, T & D Plant - Demand | 26,834                     | 14,492      |         |
| 361  | 39605    | Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 12,358                     | 6,673       |         |
| 362  | 39700    | Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 79,936                     | 43,169      |         |
| 363  | 39701    | Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 364  | 39702    | Communication Equip. - Telemetry             | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 365  | 39705    | Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | (19,419)                   | (10,485)    |         |
| 366  | 39800    | Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 674,688                    | 364,365     |         |
| 367  | 39900    | Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 368  | 39901    | Other Tangible Property - Servers - SW       | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 369  | 39902    | Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 370  | 39903    | Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 12,158                     | 6,566       |         |
| 371  | 39904    | Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 372  | 39905    | Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 373  | 39906    | Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 271,559                    | 146,656     |         |
| 374  | 39907    | Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 7,650                      | 4,131       |         |
| 375  | 39908    | Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 68,706                     | 37,105      |         |
| 376  | 39909    | Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 0                          | -           |         |
| 377  | 39924    | Retirement Work in Progress                  | 6.4  | P, S, T & D Plant - Demand | (3,857,904)                | (2,083,459) |         |
| 378  |          | AR 15 general plant amortization             | 6.4  | P, S, T & D Plant - Demand | 327,109                    | 176,855     |         |
| 379  |          | Total General Plant                          |  |                            | (796,783)                  | (430,302)   |         |
| 380  |          | TOTAL DIRECT RESERVE FOR DEPRECIATION        |  |                            | 78,737,323                 | 42,522,639  |         |
| 381  |          |  |  |                            | 23,727,181                 | 0           |         |
| 382  |          |  |  |                            | 0                          | 12,468,133  |         |
| 383  |          |  |  |                            | 0                          | 0           |         |
| 384  |          | Kentucky Mid-States General Office:          |  |                            |                            |             |         |
| 385  |          | Intangible Plant:                            |  |                            |                            |             |         |
| 386  |          | Intangible Plant:                            |  |                            |                            |             |         |
| 387  |          | Organization                                 | 99.0   |                            | 0                          | -           |         |
| 388  |          | Franchises & Consents                        | 99.0   |                            | 0                          | -           |         |
| 389  |          | Misc Intangible Plant                        | 99.0   |                            | 0                          | -           |         |
| 390  |          | Total Intangible Plant:                      |  |                            |                            |             |         |
| 391  |          |  |  |                            |                            |             |         |
| 392  |          | General:                                     |  |                            |                            |             |         |
| 393  |          | General:                                     |  |                            |                            |             |         |
| 394  |          | General:                                     |  |                            |                            |             |         |
| 395  |          | 37400  | Land & Land Rights                           | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 396  |          | 39001  | Structures Frame                             | 6.4                        | P, S, T & D Plant - Demand | 25,257      | 13,640  |
| 397  |          | 39002  | Structures & Improvements                    | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 398  |          | 39003  | Improvements                                 | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 399  |          | 39004  | Air Conditioning Equipment                   | 6.4                        | P, S, T & D Plant - Demand | 1,733       | 936     |
| 400  |          | 39009  | Improvement to leased Premises               | 6.4                        | P, S, T & D Plant - Demand | 11,470      | 6,194   |
| 401  |          | 39100  | Office Furniture & Equipment                 | 6.4                        | P, S, T & D Plant - Demand | 11,578      | 6,253   |
| 402  |          | 39102  | Remittance Processing Equip                  | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 403  |          | 39103  | Office Machines                              | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 404  |          | 39200  | Transportation Equipment                     | 6.4                        | P, S, T & D Plant - Demand | 1,122       | 598     |
| 405  |          | 39201  | Trucks                                       | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 406  |          | 39202  | Trailers                                     | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 407  |          | 39300  | Stores Equipment                             | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 408  |          | 39400  | Tools, Shop & Garage Equipment               | 6.4                        | P, S, T & D Plant - Demand | 39,165      | 21,151  |
| 409  |          | 39500  | Power Operated Equipment                     | 6.4                        | P, S, T & D Plant - Demand | 1,540       | 833     |
| 410  |          | 39603  | Backhoes                                     | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 411  |          | 39604  | Welders                                      | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 412  |          | 39605  | Communication Equipment                      | 6.4                        | P, S, T & D Plant - Demand | 61,176      | 39,038  |
| 413  |          | 39700  | Communication Equipment - Mobile Radios      | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 414  |          | 39701  | Communication Equipment - Fixed Radios       | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 415  |          | 39702  | Communication Equip. - Telemetry             | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 416  |          | 39705  | Miscellaneous Equipment                      | 6.4                        | P, S, T & D Plant - Demand | 177,887     | 96,073  |
| 417  |          | 39800  | Other Tangible Property                      | 6.4                        | P, S, T & D Plant - Demand | 21,024      | 11,354  |
| 418  |          | 39900  | Other Tangible Property - Servers - HW       | 6.4                        | P, S, T & D Plant - Demand | 89,031      | 48,567  |
| 419  |          | 39901  | Other Tangible Property - Servers - SW       | 6.4                        | P, S, T & D Plant - Demand | 2,259       | 1,220   |
| 420  |          | 39902  | Other Tangible Property - Network - HW       | 6.4                        | P, S, T & D Plant - Demand | 57,169      | 30,874  |
| 421  |          | 39903  | Other Tang. Property - CPU                   | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 422  |          | 39904  | Other Tangible Property - MF - Hardware      | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 423  |          | 39905  | Other Tang. Property - PC Hardware           | 6.4                        | P, S, T & D Plant - Demand | 88,769      | 47,040  |
| 424  |          | 39906  | Other Tang. Property - PC Software           | 6.4                        | P, S, T & D Plant - Demand | 16,117      | 8,704   |
| 425  |          | 39907  | Other Tang. Property - Mainframe SW          | 6.4                        | P, S, T & D Plant - Demand | 245,345     | 132,499 |
| 426  |          | 39908  | Other Tang. Property - Application Software  | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 427  |          | 39909  | Other Tang. Property - General Startup Costs | 6.4                        | P, S, T & D Plant - Demand | 0           | -       |
| 428  |          | 39924  | Retirement Work in Progress                  | 6.4                        | P, S, T & D Plant - Demand | 15,703      | 8,481   |
| 429  |          |  | Total General Plant                          |                            | 897,259                    | 468,362     |         |
| 430  |          |  |  |                            | 281,345                    | 137,551     |         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |       |  |     |                            |            |                                      |
|--|-------|--|-----|----------------------------|------------|--------------------------------------|
| Class Cost of Service - Demand-Only Study                |       |  |     |                            |            |                                      |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |     |                            |            |                                      |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |       |  |     |                            |            |                                      |
| 433  |       |  |     |                            |            |                                      |
| 434  |       | Shared Services General Office:              |     |                            |            |                                      |
| 435  |       | General:                                     |     |                            |            |                                      |
| 436  |       | General:                                     |     |                            |            |                                      |
| 437  |       |  |     |                            |            |                                      |
| 438  | 37400 | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 439  | 39000 | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 46,722     | 25,232 14,079 7,410                  |
| 440  | 36602 | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 441  | 37503 | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 442  | 39004 | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 443  | 39009 | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 274,214    | 148,089 82,633 43,492                |
| 444  | 39100 | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 191,347    | 103,337 57,662 30,349                |
| 445  | 39102 | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 171        | 93 52 27                             |
| 446  | 39103 | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 84         | 46 25 13                             |
| 447  | 39200 | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 3,026      | 1,634 912 480                        |
| 448  | 39201 | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 449  | 39202 | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 450  | 39300 | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 22         | 12 7 4                               |
| 451  | 39400 | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 6,592      | 3,561 1,987 1,048                    |
| 452  | 39600 | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 323        | 174 97 51                            |
| 453  | 39603 | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 454  | 39804 | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 455  | 39905 | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 456  | 39700 | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 41,836     | 22,594 12,607 6,635                  |
| 457  | 39701 | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 458  | 39702 | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 459  | 39705 | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 460  | 39800 | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 4,107      | 2,218 1,238 651                      |
| 461  | 39900 | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 4,084      | 2,205 1,231 648                      |
| 462  | 39901 | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 260,224    | 140,634 78,417 41,273                |
| 463  | 39902 | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 266,876    | 144,127 80,422 42,328                |
| 464  | 39903 | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 43,530     | 23,508 13,118 6,904                  |
| 465  | 39904 | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 502        | 271 151 89                           |
| 466  | 39905 | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 451        | 249 136 71                           |
| 467  | 39906 | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 43,744     | 23,624 13,182 6,936                  |
| 468  | 39907 | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 16,528     | 8,925 4,980 2,621                    |
| 469  | 39908 | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 2,536,975  | 1,370,092 764,506 402,377            |
| 470  | 39909 | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 32,131     | 17,352 9,683 5,096                   |
| 471  | 39924 | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 472  |       | Retirement Work in Progress                  | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 473  |       |  |     |                            |            |                                      |
| 474  |       | Total General Plant                          |     |                            | 3,773,490  | 2,037,871 1,137,125 598,494          |
| 475  |       |  |     |                            |            |                                      |
| 476  |       | Shared Services Customer Support:            |     |                            |            |                                      |
| 477  |       | General:                                     |     |                            |            |                                      |
| 478  |       | General:                                     |     |                            |            |                                      |
| 479  |       |  |     |                            |            |                                      |
| 480  | 37400 | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 481  | 39001 | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 482  | 36602 | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 135,849    | 73,365 40,937 21,546                 |
| 483  | 37503 | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 484  | 39004 | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 485  | 39009 | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 121,212    | 65,461 36,527 19,225                 |
| 486  | 39100 | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 14,196     | 7,697 4,278 2,252                    |
| 487  | 39102 | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 488  | 39103 | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 8          | 3 2 1                                |
| 489  | 39200 | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 490  | 39201 | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 491  | 39202 | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 492  | 39300 | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 493  | 39400 | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 494  | 39600 | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 495  | 39603 | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 496  | 39804 | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 497  | 39905 | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 498  | 39700 | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | (188,975)  | (102,056) (58,947) (28,972)          |
| 499  | 39701 | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 500  | 39702 | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 501  | 39705 | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 502  | 39800 | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 112        | 60 34 18                             |
| 503  | 39900 | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 8,802      | 5,294 2,954 1,565                    |
| 504  | 39901 | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 121,075    | 65,366 36,485 19,203                 |
| 505  | 39902 | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 34,036     | 18,381 10,257 5,398                  |
| 506  | 39903 | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 3,721      | 2,019 1,121 590                      |
| 507  | 39904 | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 508  | 39905 | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0          |                                      |
| 509  | 39906 | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | (1,119)    | (604) (337) (177)                    |
| 510  | 39907 | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | (165)      | (89) (50) (26)                       |
| 511  | 39908 | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 1,690,853  | 859,139 479,397 252,317              |
| 512  | 39909 | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 378        | 202 113 59                           |
| 513  | 39924 | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 331        | 449 261 132                          |
| 514  |       | Retirement Work in Progress                  | 6.4 | P, S, T & D Plant - Demand | 257        | 139 78 41                            |
| 515  |       |  |     |                            |            |                                      |
| 516  |       | Total General Plant                          |     |                            | 1,842,067  | 894,807 555,099 292,161              |
| 517  |       |  |     |                            |            |                                      |
| 518  |       | TOTAL RESERVE FOR DEPRECIATION - DEMAND      |     |                            | 85,220,139 | 46,023,080 26,680,719 0 13,616,340 0 |



Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

| ALLOCATION OF RESERVE FOR DEPRECIATION |  |                                   |           |          |          |        |          |          |  |
|--|--|-----------------------------------|-----------|----------|----------|--------|----------|----------|--|
| 699                                    | General:   |                                   |           |          |          |        |          |          |  |
| 691                                    |  |                                   |           |          |          |        |          |          |  |
| 602                                    | 38500 Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 603                                    | 39000 Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 2,915     | 1,141    | 688      | 22     | 530      | 526      |  |
| 604                                    | 38001 Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 605                                    | 39002 Improvements                                 | 6.6 P, S, T & D Plant - Commodity | 1,020     | 400      | 241      | 8      | 188      | 184      |  |
| 606                                    | 33003 Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 2,565     | 1,004    | 808      | 19     | 473      | 453      |  |
| 607                                    | 39004 Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 42        | 15       | 9        |        | 7        | 7        |  |
| 608                                    | 39005 Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 13,970    | 5,470    | 3,299    | 104    | 2,577    | 2,522    |  |
| 609                                    | 39100 Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 10,537    | 4,125    | 2,487    | 78     | 1,944    | 1,902    |  |
| 610                                    | 39102 Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 611                                    | 39103 Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 612                                    | 39200 Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 2,703     | 1,058    | 638      | 20     | 499      | 488      |  |
| 613                                    | 39201 Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 467       | 183      | 110      | 3      | 86       | 84       |  |
| 614                                    | 39202 Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 615                                    | 39300 Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 9         |          |          |        |          |          |  |
| 616                                    | 39400 Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 9,537     | 3,734    | 2,251    | 71     | 1,759    | 1,722    |  |
| 617                                    | 39500 Drivers                                      | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 618                                    | 39503 Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 501       | 196      | 118      | 4      | 92       | 91       |  |
| 619                                    | 39504 Welders                                      | 6.6 P, S, T & D Plant - Commodity | 742       | 201      | 175      | 6      | 137      | 134      |  |
| 620                                    | 39505 Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 342       | 134      | 81       | 3      | 63       | 62       |  |
| 621                                    | 39700 Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 2,212     | 866      | 522      | 16     | 408      | 399      |  |
| 622                                    | 39701 Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 623                                    | 39702 Communication Equip. - Telemetering          | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 624                                    | 39705 Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | (537)     | (210)    | (127)    | (4)    | (90)     | (97)     |  |
| 625                                    | 39800 Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 18,887    | 7,309    | 4,406    | 139    | 3,444    | 3,370    |  |
| 626                                    | 39900 Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 627                                    | 39901 Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 628                                    | 39902 Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 629                                    | 39903 Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 336       | 132      | 79       | 2      | 62       | 61       |  |
| 630                                    | 39904 Other Tangible Property - MF - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 631                                    | 39905 Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 632                                    | 39906 Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 7,513     | 2,942    | 1,773    | 56     | 1,366    | 1,358    |  |
| 633                                    | 39907 Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 212       | 83       | 50       | 2      | 38       | 38       |  |
| 634                                    | 39908 Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 1,901     | 744      | 449      | 14     | 351      | 343      |  |
| 635                                    | 39909 Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 636                                    | Retirement Work In Progress                        | 6.6 P, S, T & D Plant - Commodity | (106,740) | (41,791) | (25,195) | (793)  | (19,692) | (19,269) |  |
| 637                                    | AR 15 general plant amortization                   | 6.6 P, S, T & D Plant - Commodity | 9,950     | 3,543    | 2,139    | 67     | 1,670    | 1,634    |  |
| 638                                    |  |                                   |           |          |          |        |          |          |  |
| 639                                    | Total General Plant                                |                                   | (22,045)  | (6,631)  | (5,204)  | (164)  | (4,067)  | (3,699)  |  |
| 640                                    |  |                                   |           |          |          |        |          |          |  |
| 641                                    | TOTAL DIRECT RESERVE FOR DEPRECIATION              |                                   | 2,904,282 | 974,959  | 586,924  | 18,295 | 467,049  | 457,026  |  |
| 642                                    |  |                                   |           |          |          |        |          |          |  |
| 643                                    | Kentucky Mid-States General Office:                |                                   |           |          |          |        |          |          |  |
| 644                                    |  |                                   |           |          |          |        |          |          |  |
| 645                                    | Intangible Plant:                                  |                                   |           |          |          |        |          |          |  |
| 646                                    |  |                                   |           |          |          |        |          |          |  |
| 647                                    | 30100 Organization                                 | 99.0 -                            | 0         |          |          |        |          |          |  |
| 648                                    | 30200 Franchises & Consents                        | 99.0 -                            | 0         |          |          |        |          |          |  |
| 649                                    | 30300 Misc Intangible Plant                        | 99.0 -                            | 0         |          |          |        |          |          |  |
| 650                                    |  |                                   |           |          |          |        |          |          |  |
| 651                                    | Total Intangible Plant                             |                                   |           |          |          |        |          |          |  |
| 652                                    | General:   |                                   |           |          |          |        |          |          |  |
| 653                                    |  |                                   |           |          |          |        |          |          |  |
| 654                                    |  |                                   |           |          |          |        |          |          |  |
| 655                                    | 37400 Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 656                                    | 39001 Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 699       | 274      | 165      | 5      | 129      | 126      |  |
| 657                                    | 36502 Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 658                                    | 38500 Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 659                                    | 38004 Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 48        | 19       | 11       | 0      | 9        | 9        |  |
| 660                                    | 39005 Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 317       | 124      | 75       | 2      | 59       | 57       |  |
| 661                                    | 39100 Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 320       | 126      | 78       | 2      | 59       | 58       |  |
| 662                                    | 39102 Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 663                                    | 39103 Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 664                                    | 39200 Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 31        | 12       | 7        | 0      | 6        | 6        |  |
| 665                                    | 39201 Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 666                                    | 39202 Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 667                                    | 39300 Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 668                                    | 39400 Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 1,064     | 424      | 256      | 8      | 200      | 196      |  |
| 669                                    | 39500 Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 43        | 17       | 10       | 0      | 8        | 8        |  |
| 670                                    | 39503 Drivers                                      | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 671                                    | 39504 Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 672                                    | 39505 Welders                                      | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 673                                    | 39700 Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 1,693     | 663      | 400      | 13     | 312      | 306      |  |
| 674                                    | 39701 Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 675                                    | 39702 Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 676                                    | 39705 Communication Equip. - Telemetering          | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 677                                    | 39800 Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 4,922     | 1,827    | 1,162    | 37     | 908      | 899      |  |
| 678                                    | 39900 Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 582       | 228      | 137      | 4      | 107      | 105      |  |
| 679                                    | 39901 Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 2,488     | 974      | 587      | 18     | 469      | 449      |  |
| 680                                    | 39902 Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 63        | 24       | 15       | 0      | 12       | 11       |  |
| 681                                    | 39903 Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 1,582     | 619      | 373      | 12     | 292      | 286      |  |
| 682                                    | 39904 Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 683                                    | 39905 Other Tangible Property - MF - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 684                                    | 39906 Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 2,435     | 962      | 580      | 18     | 453      | 443      |  |
| 685                                    | 39907 Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 448       | 175      | 105      | 3      | 82       | 80       |  |
| 686                                    | 39908 Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 6,788     | 2,658    | 1,602    | 60     | 1,252    | 1,225    |  |
| 687                                    | 39909 Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 688                                    | 39904 Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0         |          |          |        |          |          |  |
| 689                                    | Retirement Work In Progress                        | 6.6 P, S, T & D Plant - Commodity | 494       | 170      | 103      | 3      | 80       | 78       |  |
| 690                                    |  |                                   |           |          |          |        |          |          |  |
| 691                                    | Total General Plant                                |                                   | 23,995    | 9,395    | 5,664    | 179    | 4,427    | 4,332    |  |



| Almos Energy Corporation, Kentucky/Mid-States Division   |                                   |  |                                    |           |           |         |
|--|-----------------------------------|--|------------------------------------|-----------|-----------|---------|
| Class Cost of Service - Demand-Only Study                |                                   |  |                                    |           |           |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                   |  |                                    |           |           |         |
| <b>ALLOCATION OF RESERVE FOR DEPRECIATION</b>            |                                   |  |                                    |           |           |         |
| 692  |                                   |  |                                    |           |           |         |
| 693  | Shared Services General Office:   |  |                                    |           |           |         |
| 694  | General:                          |  |                                    |           |           |         |
| 696  |                                   |  |                                    |           |           |         |
| 697  | 37400                             | Land & Land Rights                           | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 698  | 39000                             | Structures & Improvements                    | 6.6, P, S, T & D Plant - Commodity | 1,293     | 506       | 305     |
| 699  | 39602                             | Structures & Improvements                    | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 700  | 37503                             | Improvements                                 | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 701  | 39004                             | Air Conditioning Equipment                   | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 702  | 39009                             | Improvement to leased Premises               | 6.6, P, S, T & D Plant - Commodity | 7,587     | 2,970     | 1,791   |
| 703  | 39100                             | Office Furniture & Equipment                 | 6.6, P, S, T & D Plant - Commodity | 5,294     | 2,073     | 1,250   |
| 704  | 39102                             | Remittance Processing Equip                  | 6.6, P, S, T & D Plant - Commodity | 5         | 2         | 1       |
| 705  | 39103                             | Office Machines                              | 6.6, P, S, T & D Plant - Commodity | 2         | 1         | 0       |
| 706  | 39200                             | Transportation Equipment                     | 6.6, P, S, T & D Plant - Commodity | 84        | 33        | 20      |
| 707  | 39201                             | Trucks                                       | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 708  | 39202                             | Trailers                                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 709  | 39300                             | Stores Equipment                             | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 710  | 39400                             | Tools, Shop & Garage Equipment               | 6.6, P, S, T & D Plant - Commodity | 182       | 71        | 43      |
| 711  | 39500                             | Power Operated Equipment                     | 6.6, P, S, T & D Plant - Commodity | 9         | 3         | 2       |
| 712  | 39603                             | Ditchers                                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 713  | 39604                             | Backhoes                                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 714  | 39605                             | Welders                                      | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 715  | 39700                             | Communication Equipment                      | 6.6, P, S, T & D Plant - Commodity | 1,158     | 453       | 273     |
| 716  | 39701                             | Communication Equipment - Mobile Radios      | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 717  | 39702                             | Communication Equipment - Fixed Radios       | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 718  | 39705                             | Communication Equip. - Telemetering          | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 719  | 39900                             | Miscellaneous Equipment                      | 6.6, P, S, T & D Plant - Commodity | 114       | 44        | 27      |
| 720  | 39902                             | Other Tangible Property                      | 6.6, P, S, T & D Plant - Commodity | 113       | 44        | 27      |
| 721  | 39501                             | Other Tangible Property - Servers - HW       | 6.6, P, S, T & D Plant - Commodity | 7,200     | 2,619     | 1,699   |
| 722  | 39902                             | Other Tangible Property - Servers - SW       | 6.6, P, S, T & D Plant - Commodity | 7,304     | 2,691     | 1,743   |
| 723  | 39903                             | Other Tangible Property - Network - HW       | 6.6, P, S, T & D Plant - Commodity | 1,204     | 472       | 284     |
| 724  | 39904                             | Other Tang. Property - CPU                   | 6.6, P, S, T & D Plant - Commodity | 14        | 5         | 3       |
| 725  | 39905                             | Other Tangible Property - I/F - Hardware     | 6.6, P, S, T & D Plant - Commodity | 12        | 5         | 3       |
| 726  | 39906                             | Other Tang. Property - PC Hardware           | 6.6, P, S, T & D Plant - Commodity | 1,210     | 474       | 286     |
| 727  | 39907                             | Other Tang. Property - PC Software           | 6.6, P, S, T & D Plant - Commodity | 457       | 179       | 108     |
| 728  | 39908                             | Other Tang. Property - Mainframe SAW         | 6.6, P, S, T & D Plant - Commodity | 70,192    | 27,482    | 16,668  |
| 729  | 39909                             | Other Tang. Property - Application Software  | 6.6, P, S, T & D Plant - Commodity | 899       | 348       | 210     |
| 730  | 39924                             | Other Tang. Property - General Startup Costs | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 731  |                                   | Retirement Work in Progress                  | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 732  |                                   |  |                                    |           |           |         |
| 733  |                                   | Total General Plant                          |                                    | 104,404   | 40,876    | 24,644  |
| 734  |                                   |  |                                    | 6,501     | 2,545     | 1,535   |
| 735  | Shared Services Customer Support: |  |                                    |           |           |         |
| 736  | General:                          |  |                                    |           |           |         |
| 737  |                                   |  |                                    |           |           |         |
| 738  |                                   |  |                                    |           |           |         |
| 739  | 37400                             | Land & Land Rights                           | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 740  | 39001                             | Structures Frame                             | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 741  | 39602                             | Structures & Improvements                    | 6.6, P, S, T & D Plant - Commodity | 3,769     | 1,472     | 887     |
| 742  | 37503                             | Improvements                                 | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 743  | 39004                             | Air Conditioning Equipment                   | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 744  | 39009                             | Improvement to leased Premises               | 6.6, P, S, T & D Plant - Commodity | 3,354     | 1,313     | 792     |
| 745  | 39100                             | Office Furniture & Equipment                 | 6.6, P, S, T & D Plant - Commodity | 393       | 154       | 93      |
| 746  | 39102                             | Remittance Processing Equip                  | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 747  | 39103                             | Office Machines                              | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 748  | 39200                             | Transportation Equipment                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 749  | 39201                             | Trucks                                       | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 750  | 39202                             | Trailers                                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 751  | 39300                             | Stores Equipment                             | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 752  | 39400                             | Tools, Shop & Garage Equipment               | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 753  | 39500                             | Power Operated Equipment                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 754  | 39603                             | Ditchers                                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 755  | 39604                             | Backhoes                                     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 756  | 39605                             | Welders                                      | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 757  | 39700                             | Communication Equipment                      | 6.6, P, S, T & D Plant - Commodity | (5,229)   | (2,047)   | (1,234) |
| 758  | 39701                             | Communication Equipment - Mobile Radios      | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 759  | 39702                             | Communication Equipment - Fixed Radios       | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 760  | 39705                             | Communication Equip. - Telemetering          | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 761  | 39900                             | Miscellaneous Equipment                      | 6.6, P, S, T & D Plant - Commodity | 3         | 1         | 0       |
| 762  | 39901                             | Other Tangible Property                      | 6.6, P, S, T & D Plant - Commodity | 271       | 109       | 64      |
| 763  | 39501                             | Other Tangible Property - Servers - HW       | 6.6, P, S, T & D Plant - Commodity | 3,350     | 1,312     | 791     |
| 764  | 39902                             | Other Tangible Property - Servers - SW       | 6.6, P, S, T & D Plant - Commodity | 942       | 369       | 222     |
| 765  | 39903                             | Other Tangible Property - Network - HW       | 6.6, P, S, T & D Plant - Commodity | 103       | 49        | 24      |
| 766  | 39904                             | Other Tang. Property - CPU                   | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 767  | 39905                             | Other Tangible Property - I/F - Hardware     | 6.6, P, S, T & D Plant - Commodity | 0         |           |         |
| 768  | 39906                             | Other Tang. Property - PC Hardware           | 6.6, P, S, T & D Plant - Commodity | (31)      | (12)      | (7)     |
| 769  | 39907                             | Other Tang. Property - PC Software           | 6.6, P, S, T & D Plant - Commodity | (9)       | (2)       | (1)     |
| 770  | 39908                             | Other Tang. Property - Mainframe SAW         | 6.6, P, S, T & D Plant - Commodity | 44,015    | 17,233    | 10,389  |
| 771  | 39909                             | Other Tang. Property - Application Software  | 6.6, P, S, T & D Plant - Commodity | 10        | 4         | 2       |
| 772  | 39924                             | Other Tang. Property - General Startup Costs | 6.6, P, S, T & D Plant - Commodity | 23        | 9         | 5       |
| 773  |                                   | Retirement Work in Progress                  | 6.6, P, S, T & D Plant - Commodity | 7         | 3         | 2       |
| 774  |                                   |  |                                    |           |           |         |
| 775  |                                   | Total General Plant                          |                                    | 50,968    | 19,954    | 12,030  |
| 776  |                                   |  |                                    |           |           |         |
| 777  |                                   | TOTAL RESERVE FOR DEPRECIATION - COMMODITY   |                                    | 2,683,617 | 1,045,163 | 629,262 |

Atmos Energy Corporation, Kentucky/Mid-States Division  
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Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF RESERVE FOR DEPRECIATION

| Total Reserve for Depreciation |          |                   |                                     |               |                   |                    |                             |                |                         |
|--------------------------------|----------|-------------------|-------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Line No.                       | Acct No. | Allocation Factor | Allocation Basis                    | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 778                            |          |                   | Inangible Plant:                    |               |                   |                    |                             |                |                         |
| 779                            | 30100    |                   | Organization                        | 6,350         | 5,106             | 2,301              | 4                           | 788            | 40                      |
| 781                            | 30200    |                   | Franchise & Consents                | 119,653       | 74,767            | 33,109             | 53                          | 11,344         | 590                     |
| 782                            | 30300    |                   | Misc Inangible Plant                | 0             |                   |                    |                             |                |                         |
| 783                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 784                            |          |                   | Total Inangible Plant:              | 126,003       | 79,873            | 35,411             | 57                          | 12,132         | 630                     |
| 785                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 786                            |          |                   | Production Plant:                   |               |                   |                    |                             |                |                         |
| 787                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 788                            | 32200    |                   | Producing Leaseholds                | 0             | -                 | -                  | -                           | -              | -                       |
| 789                            | 32340    |                   | Rights of Ways                      | 0             | -                 | -                  | -                           | -              | -                       |
| 790                            | 33100    |                   | Production Gas Wells Equipment      | 0             | -                 | -                  | -                           | -              | -                       |
| 791                            | 33201    |                   | Field Lines                         | 0             | -                 | -                  | -                           | -              | -                       |
| 792                            | 33202    |                   | Tributary Lines                     | (28,969)      | (17,161)          | (11,262)           | (549)                       | -              | -                       |
| 793                            | 33400    |                   | Field Meas. & Reg. Sta. Equip       | 1,572         | 931               | 611                | 30                          | -              | -                       |
| 794                            | 33600    |                   | Purification Equipment              | 0             | -                 | -                  | -                           | -              | -                       |
| 795                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 796                            |          |                   | Total Production Plant              | (27,397)      | (16,229)          | (10,650)           | (519)                       | 0              | 0                       |
| 797                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 798                            |          |                   | Storage Plant:                      |               |                   |                    |                             |                |                         |
| 799                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 800                            | 33910    |                   | Land                                | 0             | -                 | -                  | -                           | -              | -                       |
| 801                            | 35020    |                   | Rights of Way                       | 5,420         | 2,525             | 1,456              | 20                          | 930            | 489                     |
| 802                            | 35100    |                   | Structures and Improvements         | 5,900         | 2,562             | 1,478              | 20                          | 844            | 496                     |
| 803                            | 35102    |                   | Compression Station Equipment       | 109,880       | 51,180            | 29,524             | 408                         | 18,849         | 9,819                   |
| 804                            | 35103    |                   | Meas. & Reg. Sta. Structures        | 20,055        | 9,341             | 5,389              | 75                          | 3,440          | 1,810                   |
| 805                            | 35104    |                   | Other Structures                    | 96,226        | 44,920            | 25,895             | 357                         | 16,507         | 8,988                   |
| 806                            | 35200    |                   | Wells \ Rights of Way               | 1,016,576     | 473,505           | 273,147            | 3,777                       | 174,388        | 91,759                  |
| 807                            | 35201    |                   | Well Construction                   | 1,367,547     | 636,982           | 367,451            | 5,081                       | 234,505        | 123,438                 |
| 808                            | 35202    |                   | Well Equipment                      | 379,065       | 176,563           | 101,852            | 1,408                       | 66,027         | 34,215                  |
| 809                            | 35203    |                   | Cushion Gas                         | 891,465       | 317,425           | 183,111            | 2,532                       | 116,905        | 61,513                  |
| 810                            | 35210    |                   | Leaseholds                          | 168,388       | 77,501            | 44,707             | 619                         | 29,543         | 15,019                  |
| 811                            | 35211    |                   | Storage Rights                      | 43,076        | 20,064            | 11,574             | 163                         | 7,359          | 3,888                   |
| 812                            | 35301    |                   | Field Lines                         | 154,142       | 71,797            | 41,417             | 573                         | 20,442         | 13,513                  |
| 813                            | 35302    |                   | Tributary Lines                     | 213,182       | 99,297            | 57,281             | 792                         | 36,570         | 19,242                  |
| 814                            | 35400    |                   | Compressor Station Equipment        | 480,606       | 223,658           | 129,136            | 1,766                       | 82,445         | 43,381                  |
| 815                            | 35500    |                   | Meas. & Reg. Equipment              | 206,582       | 98,227            | 55,519             | 768                         | 35,440         | 18,648                  |
| 816                            | 35600    |                   | Purification Equipment              | 157,701       | 79,454            | 42,373             | 685                         | 27,053         | 14,234                  |
| 817                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 818                            |          |                   | Total Storage Plant                 | 5,103,440     | 2,377,101         | 1,371,282          | 18,960                      | 875,467        | 460,650                 |
| 819                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 820                            |          |                   | Transmission:                       |               |                   |                    |                             |                |                         |
| 821                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 822                            | 36510    |                   | Land & Land Rights                  | 0             | -                 | -                  | -                           | -              | -                       |
| 823                            | 36520    |                   | Rights of Way                       | 452,087       | 244,148           | 136,235            | -                           | 71,703         | -                       |
| 824                            | 36602    |                   | Structures & Improvements           | 13,411        | 7,243             | 4,041              | -                           | 2,127          | -                       |
| 825                            | 36903    |                   | Other Structures                    | 47,280        | 25,534            | 14,248             | -                           | 7,489          | -                       |
| 826                            | 36700    |                   | Mains Cathodic Protection           | 130,982       | 70,737            | 35,471             | -                           | 20,774         | -                       |
| 827                            | 36701    |                   | Mains - Steel                       | 18,298,712    | 9,877,347         | 5,511,526          | -                           | 2,900,840      | -                       |
| 828                            | 36900    |                   | Meas. & Reg. Equipment              | 267,055       | 144,223           | 80,476             | -                           | 42,356         | -                       |
| 829                            | 36901    |                   | Meas. & Reg. Equipment              | 1,454,978     | 785,795           | 438,421            | -                           | 230,751        | -                       |
| 830                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 831                            |          |                   | Total Transmission Plant            | 20,655,404    | 11,164,938        | 6,224,417          | -                           | 3,276,050      | -                       |
| 832                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 833                            |          |                   | Distribution:                       |               |                   |                    |                             |                |                         |
| 834                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 835                            | 37400    |                   | Land & Land Rights                  | (0)           | (0)               | (0)                | -                           | (0)            | -                       |
| 836                            | 37401    |                   | Land                                | 0             | -                 | -                  | -                           | -              | -                       |
| 837                            | 37402    |                   | Land Rights                         | 120,248       | 64,040            | 38,238             | -                           | 19,072         | -                       |
| 838                            | 37403    |                   | Land Other                          | 0             | -                 | -                  | -                           | -              | -                       |
| 839                            | 37500    |                   | Structures & Improvements           | 93,080        | 50,268            | 28,049             | -                           | 14,763         | -                       |
| 840                            | 37501    |                   | Structures & Improvements, T.D.     | 62,867        | 33,951            | 18,045             | -                           | 9,071          | -                       |
| 841                            | 37502    |                   | Land Rights                         | 31,717        | 17,129            | 9,598              | -                           | 5,030          | -                       |
| 842                            | 37503    |                   | Improvements                        | 1,648         | 890               | 497                | -                           | 251            | -                       |
| 843                            | 37600    |                   | Mains Cathodic Protection           | 12,563,728    | 6,785,032         | 3,788,024          | -                           | 1,992,670      | -                       |
| 844                            | 37601    |                   | Mains - Steel                       | 25,503,852    | 13,773,338        | 7,885,475          | -                           | 4,045,038      | -                       |
| 845                            | 37602    |                   | Mains - Plastic                     | 14,330,479    | 7,739,151         | 4,318,425          | -                           | 2,272,894      | -                       |
| 846                            | 37800    |                   | Meas. & Reg. Sta. Equip - General   | 2,038,790     | 1,101,047         | 614,381            | -                           | 323,362        | -                       |
| 847                            | 37900    |                   | Meas. & Reg. Sta. Equip - City Gate | 636,617       | 343,913           | 191,332            | -                           | 101,622        | -                       |
| 848                            | 37505    |                   | Meas. & Reg. Sta. Equipment T.D.    | 872,454       | 471,174           | 262,913            | -                           | 138,377        | -                       |
| 849                            | 38000    |                   | Services                            | 41,215,363    | 36,696,701        | 4,480,407          | 2,682                       | 28,595         | 16,679                  |
| 850                            | 38100    |                   | Meters                              | 17,354,749    | 10,371,050        | 6,462,613          | 26,660                      | 312,652        | 179,775                 |
| 851                            | 38200    |                   | Meter Installations                 | 22,442,436    | 13,411,408        | 8,357,181          | 37,982                      | 404,308        | 232,477                 |
| 852                            | 38300    |                   | House Regulators                    | 3,998,648     | 2,031,123         | 1,265,673          | 5,613                       | 61,251         | 35,208                  |
| 853                            | 38400    |                   | House Reg. Installations            | 76,860        | 46,891            | 28,669             | 127                         | 1,398          | 707                     |
| 854                            | 38500    |                   | Ind. Meas. & Reg. Sta. Equipment    | 2,791,805     | -                 | 2,762,056          | 1,853                       | 17,813         | 10,282                  |
| 855                            | 38600    |                   | Other Prop. On Cust. Prem.          | 0             | -                 | -                  | -                           | -              | -                       |
| 856                            |          |                   |                                     |               |                   |                    |                             |                |                         |
| 857                            |          |                   | Total Distribution Plant            | 149,535,842   | 82,927,115        | 40,308,995         | 78,797                      | 9,748,717      | 475,218                 |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |  |             |             |             |         |            |
|--|--|-------------|-------------|-------------|---------|------------|
| Class Cost of Service - Demand-Only Study                |  |             |             |             |         |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |             |             |             |         |            |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |             |             |             |         |            |
| 858  |  |             |             |             |         |            |
| 859  | General:   |             |             |             |         |            |
| 860  |  |             |             |             |         |            |
| 861  | 39000 Land & Land Rights                           | 0           | -           | -           | -       | -          |
| 862  | 39000 Structures Frame                             | 169,419     | 118,164     | 52,327      | 84      | 17,828     |
| 863  | 39001 Structures & Improvements                    | 0           | -           | -           | -       | -          |
| 864  | 39002 Improvements                                 | 58,305      | 41,582      | 18,317      | 29      | 6,276      |
| 865  | 39003 Air Conditioning Equipment                   | 166,923     | 103,981     | 46,048      | 74      | 15,776     |
| 866  | 39004 Improvement to leased Premises               | 2,570       | 1,603       | 710         | 1       | 243        |
| 867  | 39009 Office Furniture & Equipment                 | 907,725     | 668,259     | 250,760     | 402     | 85,812     |
| 868  | 39100 Remittance Processing Equip                  | 684,835     | 427,091     | 189,131     | 303     | 64,798     |
| 869  | 39102 Office Machines                              | 0           | -           | -           | -       | -          |
| 870  | 39103 Transportation Equipment                     | 0           | -           | -           | -       | -          |
| 871  | 39200 Trucks                                       | 175,613     | 109,551     | 48,513      | 78      | 18,821     |
| 872  | 39201 Trailers                                     | 30,329      | 18,920      | 8,378       | 13      | 2,871      |
| 873  | 39202 Stores Equipment                             | 0           | -           | -           | -       | -          |
| 874  | 39300 Tools, Shop & Garage Equipment               | 0           | -           | -           | -       | -          |
| 875  | 39450 Power Operated Equipment                     | 619,684     | 395,572     | 171,188     | 274     | 59,651     |
| 876  | 39500 Ditchers                                     | 0           | -           | -           | -       | -          |
| 877  | 39603 Backhoes                                     | 32,578      | 20,322      | 8,999       | 14      | 3,663      |
| 878  | 39604 Welders                                      | 48,240      | 30,093      | 13,326      | 21      | 4,566      |
| 879  | 39605 Communication Equipment                      | 22,213      | 13,857      | 6,138       | 10      | 2,102      |
| 880  | 39700 Communication Equipment - Mobile Radios      | 143,704     | 89,645      | 39,898      | 64      | 13,001     |
| 881  | 39701 Communication Equipment - Fixed Radios       | 0           | -           | -           | -       | -          |
| 882  | 39702 Communication Equip. - Telemetering          | 0           | -           | -           | -       | -          |
| 883  | 39705 Miscellaneous Equipment                      | (34,903)    | (21,773)    | (8,642)     | (15)    | (3,303)    |
| 884  | 39800 Other Tangible Property                      | 1,212,908   | 756,639     | 335,067     | 537     | 114,797    |
| 885  | 39900 Other Tangible Property - Servers - HW       | 0           | -           | -           | -       | -          |
| 886  | 39901 Other Tangible Property - Servers - SW       | 0           | -           | -           | -       | -          |
| 887  | 39902 Other Tangible Property - Network - HW       | 0           | -           | -           | -       | -          |
| 888  | 39903 Other Tang. Property - CPU                   | 21,856      | 13,634      | 6,038       | 10      | 2,058      |
| 889  | 39904 Other Tangible Property - MF - Hardware      | 0           | -           | -           | -       | -          |
| 890  | 39905 Other Tang. Property - PC Hardware           | 0           | -           | -           | -       | -          |
| 891  | 39906 Other Tang. Property - PC Software           | 468,195     | 304,545     | 134,864     | 218     | 48,205     |
| 892  | 39907 Other Tang. Property - Mainframe SW          | 13,752      | 8,579       | 3,799       | 6       | 1,302      |
| 893  | 39908 Other Tang. Property - Application Software  | 123,515     | 77,051      | 34,121      | 56      | 11,890     |
| 894  | 39909 Other Tang. Property - General Startup Costs | 0           | -           | -           | -       | -          |
| 895  | Retirement Work In Progress                        | (6,935,473) | (4,328,900) | (1,915,931) | (3,072) | (658,414)  |
| 896  | AR 15 general plant amortization                   | 588,055     | 366,841     | 162,451     | 269     | 55,657     |
| 897  |  |             |             |             |         |            |
| 898  | Total General Plant                                | (1,432,402) | (893,564)   | (395,702)   | (634)   | (136,571)  |
| 899  |  |             |             |             |         |            |
| 900  | TOTAL DIRECT RESERVE FOR DEPRECIATION              | 167,963,071 | 105,628,323 | 47,533,792  | 93,683  | 13,778,795 |
| 901  |  |             |             |             |         |            |
| 902  | Kentucky Mid-States General Office:                |             |             |             |         |            |
| 903  |  |             |             |             |         |            |
| 904  | Intangible Plant:                                  |             |             |             |         |            |
| 905  |  |             |             |             |         |            |
| 906  | 30100 Organization                                 | 0           | -           | -           | -       | -          |
| 907  | 30200 Franchises & Consents                        | 0           | -           | -           | -       | -          |
| 908  | 30300 Misc Intangible Plant                        | 0           | -           | -           | -       | -          |
| 909  |  |             |             |             |         |            |
| 910  | Total Intangible Plant:                            |             |             |             |         |            |
| 911  |  |             |             |             |         |            |
| 912  | General:   |             |             |             |         |            |
| 913  |  |             |             |             |         |            |
| 914  | 37400 Land & Land Rights                           | 0           | -           | -           | -       | -          |
| 915  | 39001 Structures Frame                             | 45,405      | 28,325      | 12,543      | 20      | 4,297      |
| 916  | 39002 Structures & Improvements                    | 0           | -           | -           | -       | -          |
| 917  | 39003 Land & Land Rights                           | 0           | -           | -           | -       | -          |
| 918  | 39004 Air Conditioning Equipment                   | 3,118       | 1,944       | 861         | 1       | 285        |
| 919  | 39009 Improvement to leased Premises               | 20,619      | 12,863      | 5,686       | 9       | 1,952      |
| 920  | 39100 Office Furniture & Equipment                 | 20,814      | 12,984      | 5,750       | 9       | 1,870      |
| 921  | 39102 Remittance Processing Equip                  | 0           | -           | -           | -       | -          |
| 922  | 39103 Office Machines                              | 0           | -           | -           | -       | -          |
| 923  | 39200 Transportation Equipment                     | 2,018       | 1,259       | 557         | 1       | 191        |
| 924  | 39201 Trucks                                       | 0           | -           | -           | -       | -          |
| 925  | 39202 Trailers                                     | 0           | -           | -           | -       | -          |
| 926  | 39300 Stores Equipment                             | 0           | -           | -           | -       | -          |
| 927  | 39450 Tools, Shop & Garage Equipment               | 70,409      | 43,922      | 19,450      | 31      | 6,664      |
| 928  | 39500 Power Operated Equipment                     | 2,773       | 1,700       | 769         | 1       | 282        |
| 929  | 39603 Backhoes                                     | 0           | -           | -           | -       | -          |
| 930  | 39604 Welders                                      | 0           | -           | -           | -       | -          |
| 931  | 39605 Communication Equipment                      | 109,976     | 68,607      | 30,382      | 49      | 10,409     |
| 932  | 39700 Communication Equipment - Mobile Radios      | 0           | -           | -           | -       | -          |
| 933  | 39701 Communication Equipment - Fixed Radios       | 0           | -           | -           | -       | -          |
| 934  | 39702 Communication Equip. - Telemetering          | 0           | -           | -           | -       | -          |
| 935  | 39705 Miscellaneous Equipment                      | 319,811     | 199,505     | 88,348      | 142     | 30,269     |
| 936  | 39800 Other Tangible Property                      | 37,799      | 23,578      | 10,441      | 17      | 3,677      |
| 937  | 39900 Other Tangible Property - Servers - HW       | 161,671     | 100,854     | 44,662      | 72      | 15,302     |
| 938  | 39901 Other Tangible Property - Servers - SW       | 4,061       | 2,534       | 1,122       | 2       | 384        |
| 939  | 39902 Other Tangible Property - Network - HW       | 102,775     | 64,113      | 28,392      | 46      | 9,727      |
| 940  | 39903 Other Tang. Property - CPU                   | 0           | -           | -           | -       | -          |
| 941  | 39904 Other Tangible Property - MF - Hardware      | 0           | -           | -           | -       | -          |
| 942  | 39905 Other Tang. Property - PC Hardware           | 159,593     | 99,552      | 44,085      | 71      | 15,104     |
| 943  | 39906 Other Tang. Property - PC Software           | 28,873      | 18,074      | 8,094       | 13      | 2,742      |
| 944  | 39907 Other Tang. Property - Mainframe SW          | 441,065     | 275,148     | 121,844     | 195     | 41,745     |
| 945  | 39908 Other Tang. Property - Application Software  | 0           | -           | -           | -       | -          |
| 946  | 39909 Other Tang. Property - General Startup Costs | 0           | -           | -           | -       | -          |
| 947  | Retirement Work In Progress                        | 28,230      | 17,611      | 7,789       | 13      | 2,672      |
| 948  |  |             |             |             |         |            |
| 949  | Total General Plant                                | 1,559,067   | 972,589     | 430,702     | 691     | 147,562    |
| 950  |  |             |             |             |         |            |

| Almos Energy Corporation, Kentucky/Mid-States Division   |       |  |             |             |            |            |
|--|-------|--|-------------|-------------|------------|------------|
| Class Cost of Service - Demand-Only Study                |       |  |             |             |            |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |             |             |            |            |
| <b>ALLOCATION OF RESERVE FOR DEPRECIATION</b>            |       |  |             |             |            |            |
| 951  |       |  |             |             |            |            |
| 952  |       | Shared Services General Office:              |             |             |            |            |
| 953  |       | General:                                     |             |             |            |            |
| 954  |       |  |             |             |            |            |
| 955  |       |  |             |             |            |            |
| 956  | 37400 | Land & Land Rights                           | 0           |             |            |            |
| 957  | 39000 | Structures & Improvements                    | 83,993      | 52,397      | 23,203     | 37         |
| 958  | 39602 | Structures & Improvements                    | 0           |             |            | 7,960      |
| 959  | 37503 | Improvements                                 | 0           |             |            | 406        |
| 960  | 39004 | Air Conditioning Equipment                   | 0           |             |            |            |
| 961  | 39009 | Improvement to leased Premises               | 492,964     | 307,522     | 136,182    | 218        |
| 962  | 39100 | Office Furniture & Equipment                 | 343,990     | 214,598     | 95,028     | 152        |
| 963  | 39102 | Remittance Processing Equip                  | 308         | 192         | 85         | 0          |
| 964  | 39103 | Office Machines                              | 152         | 85          | 42         | 0          |
| 965  | 39200 | Transportation Equipment                     | 5,440       | 3,394       | 1,503      | 2          |
| 966  | 39201 | Trucks                                       | 0           |             |            | 515        |
| 967  | 39202 | Trailers                                     | 0           |             |            | 26         |
| 968  | 39300 | Stores Equipment                             | 40          | 25          | 11         | 0          |
| 969  | 39400 | Tools, Shop & Garage Equipment               | 11,865      | 7,394       | 3,274      | 8          |
| 970  | 39600 | Power Operated Equipment                     | 560         | 362         | 160        | 0          |
| 971  | 39603 | Ditchers                                     | 0           |             |            | 55         |
| 972  | 39604 | Backhoes                                     | 0           |             |            | 3          |
| 973  | 39605 | Welders                                      | 0           |             |            |            |
| 974  | 39700 | Communication Equipment                      | 75,210      | 46,918      | 20,777     | 33         |
| 975  | 39701 | Communication Equipment - Mobile Radios      | 0           |             |            | 7,118      |
| 976  | 39702 | Communication Equipment - Fixed Radios       | 0           |             |            | 364        |
| 977  | 39705 | Communication Equip. - Telemetering          | 0           |             |            |            |
| 978  | 39900 | Miscellaneous Equipment                      | 7,394       | 4,506       | 2,040      | 3          |
| 979  | 39901 | Other Tangible Property                      | 7,341       | 4,390       | 2,028      | 3          |
| 980  | 39901 | Other Tangible Property - Servers - HW       | 467,812     | 291,831     | 129,293    | 207        |
| 981  | 39902 | Other Tangible Property - Servers - HW       | 476,774     | 296,294     | 132,538    | 213        |
| 982  | 39903 | Other Tangible Property - Network - HW       | 78,255      | 48,817      | 21,618     | 35         |
| 983  | 39904 | Other Tang. Property - CPU                   | 902         | 563         | 249        | 0          |
| 984  | 39905 | Other Tangible Property - MF - Hardware      | 810         | 505         | 224        | 0          |
| 985  | 39906 | Other Tang. Property - PC Hardware           | 78,648      | 49,058      | 21,725     | 35         |
| 986  | 39907 | Other Tang. Property - PC Software           | 29,710      | 18,534      | 8,207      | 13         |
| 987  | 39908 | Other Tang. Property - Mainframe S/W         | 4,660,798   | 2,845,126   | 1,269,926  | 2,020      |
| 988  | 39909 | Other Tang. Property - Application Software  | 57,783      | 36,034      | 15,957     | 26         |
| 989  | 39924 | Other Tang. Property - General Startup Costs | 0           |             |            |            |
| 990  |       | Retirement Work In Progress                  | 0           |             |            |            |
| 991  |       |  |             |             |            |            |
| 992  |       | Total General Plant                          | 6,783,719   | 4,231,633   | 1,874,009  | 3,005      |
| 993  |       |  |             |             |            | 642,051    |
| 994  |       |  |             |             |            | 32,821     |
| 994  |       | Shared Services Customer Support:            |             |             |            |            |
| 995  |       | General:                                     |             |             |            |            |
| 996  |       |  |             |             |            |            |
| 997  |       |  |             |             |            |            |
| 998  | 37400 | Land & Land Rights                           | 0           |             |            |            |
| 999  | 39001 | Structures Frame                             | 0           |             |            |            |
| 1000   | 39602 | Structures & Improvements                    | 244,218     | 152,349     | 67,466     | 168        |
| 1001   | 37503 | Improvements                                 | 0           |             |            | 23,114     |
| 1002   | 39004 | Air Conditioning Equipment                   | 0           |             |            | 1,162      |
| 1003   | 39009 | Improvement to leased Premises               | 217,907     | 135,935     | 60,187     | 97         |
| 1004   | 39100 | Office Furniture & Equipment                 | 25,521      | 16,921      | 7,050      | 11         |
| 1005   | 39102 | Remittance Processing Equip                  | 0           |             |            | 2,415      |
| 1006   | 39103 | Office Machines                              | 10          | 6           | 3          | 0          |
| 1007   | 39200 | Transportation Equipment                     | 0           |             |            | 1          |
| 1008   | 39201 | Trucks                                       | 0           |             |            | 0          |
| 1009   | 39202 | Trailers                                     | 0           |             |            |            |
| 1010   | 39300 | Stores Equipment                             | 0           |             |            |            |
| 1011   | 39400 | Tools, Shop & Garage Equipment               | 0           |             |            |            |
| 1012   | 39600 | Power Operated Equipment                     | 0           |             |            |            |
| 1013   | 39603 | Ditchers                                     | 0           |             |            |            |
| 1014   | 39604 | Backhoes                                     | 0           |             |            |            |
| 1015   | 39605 | Welders                                      | 0           |             |            |            |
| 1016   | 39700 | Communication Equipment                      | (330,726)   | (211,929)   | (93,850)   | (150)      |
| 1017   | 39701 | Communication Equipment - Mobile Radios      | 0           |             |            | (32,154)   |
| 1018   | 39702 | Communication Equipment - Fixed Radios       | 0           |             |            | (1,644)    |
| 1019   | 39705 | Communication Equip. - Telemetering          | 0           |             |            |            |
| 1020   | 39900 | Miscellaneous Equipment                      | 201         | 125         | 56         | 0          |
| 1021   | 39901 | Other Tangible Property                      | 17,322      | 10,993      | 4,868      | 8          |
| 1022   | 39901 | Other Tangible Property - Servers - HW       | 217,659     | 135,781     | 60,129     | 96         |
| 1023   | 39902 | Other Tangible Property - Servers - HW       | 61,168      | 38,171      | 16,903     | 27         |
| 1024   | 39903 | Other Tangible Property - Network - HW       | 6,699       | 4,173       | 1,848      | 3          |
| 1025   | 39904 | Other Tang. Property - CPU                   | 0           |             |            | 633        |
| 1026   | 39905 | Other Tangible Property - MF - Hardware      | 0           |             |            | 32         |
| 1027   | 39906 | Other Tang. Property - PC Hardware           | (2,011)     | (1,255)     | (556)      | (1)        |
| 1028   | 39907 | Other Tang. Property - PC Software           | (266)       | (185)       | (82)       | (0)        |
| 1029   | 39908 | Other Tang. Property - Mainframe S/W         | 2,658,926   | 1,784,885   | 790,057    | 1,267      |
| 1030   | 39909 | Other Tang. Property - Application Software  | 674         | 420         | 188        | 0          |
| 1031   | 39924 | Other Tang. Property - General Startup Costs | 1,485       | 932         | 413        | 1          |
| 1032   |       | Retirement Work In Progress                  | 492         | 299         | 128        | 0          |
| 1033   |       |  |             |             |            | 64         |
| 1034   |       | Total General Plant                          | 3,911,541   | 2,065,812   | 914,816    | 1,487      |
| 1035   |       |  |             |             |            | 270,880    |
| 1036   |       |  |             |             |            | 13,637     |
| 1036   |       | TOTAL RESERVE FOR DEPRECIATION               | 179,617,428 | 112,899,567 | 50,753,259 | 98,825     |
|  |       |  |             |             |            | 14,879,833 |
|  |       |  |             |             |            | 985,845    |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |                       |                                   |               |                   |                    |                             |                |                         |  |
|--|-----------------------|-----------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Demand-Only Study                |                       |                                   |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |                                   |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF OTHER RATE BASE                            |                       |                                   |               |                   |                    |                             |                |                         |  |
| Customer   |                       |                                   |               |                   |                    |                             |                |                         |  |
| Line No.   | Allocation Factor     | Allocation Basis                  | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 1  | Rate Base Additions:  |                                   |               |                   |                    |                             |                |                         |  |
| 2  |                       |                                   |               |                   |                    |                             |                |                         |  |
| 3  |                       | 7.2 Allocated O&M Expenses - Cust | (93,720)      | (75,129)          | (17,747)           | (40)                        | (509)          | (291)                   |  |
| 4  |                       | 7.2 Allocated O&M Expenses - Cust | 153,729       | 123,235           | 29,111             | 76                          | 630            | 478                     |  |
| 5  |                       | 7.2 Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 6  |                       | 7.2 Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 7  |                       | 99.0                              | 0             |                   |                    |                             |                |                         |  |
| 8  |                       | 7.2 Allocated O&M Expenses - Cust | 25,226        | 20,222            | 4,777              | 13                          | 136            | 78                      |  |
| 9  |                       | 7.2 Allocated O&M Expenses - Cust | 201           | 161               | 36                 | 0                           | 1              | 1                       |  |
| 10   |                       | 7.2 Allocated O&M Expenses - Cust | 172,497       | 139,280           | 32,655             | 89                          | 932            | 536                     |  |
| 11   |                       | 7.2 Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 12   |                       | 7.2 Allocated O&M Expenses - Cust | 403,592       | 325,136           | 78,804             | 201                         | 2,191          | 1,280                   |  |
| 13   |                       | 7.2 Allocated O&M Expenses - Cust | 46,868        | 37,556            | 8,881              | 23                          | 253            | 145                     |  |
| 14   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 15   |                       | Total Rate Base Additions         | 710,423       | 569,499           | 134,526            | 352                         | 3,837          | 2,207                   |  |
| 16   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 17   | Rate Base Deductions: |                                   |               |                   |                    |                             |                |                         |  |
| 18   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 19   |                       | 2.0 Bills                         | (1,767,642)   | (1,573,417)       | (182,155)          | (115)                       | (1,239)        | (715)                   |  |
| 20   |                       | 2.0 Bills                         | 0             |                   |                    |                             |                |                         |  |
| 21   |                       | 2.0 Bills                         | 0             |                   |                    |                             |                |                         |  |
| 22   |                       | 2.0 Bills                         | 0             |                   |                    |                             |                |                         |  |
| 23   |                       | 2.0 Bills                         | 0             |                   |                    |                             |                |                         |  |
| 24   |                       | 9.2 Allocated Net Plant - Cust    | (30,972,508)  | (23,384,115)      | (7,189,656)        | (21,947)                    | (239,208)      | (137,582)               |  |
| 25   |                       | 9.2 Allocated Net Plant - Cust    | (54,247)      | (40,958)          | (12,592)           | (38)                        | (418)          | (241)                   |  |
| 26   |                       | 9.2 Allocated Net Plant - Cust    | 9,789,643     | 7,391,140         | 2,272,472          | 6,937                       | 75,608         | 43,496                  |  |
| 27   |                       | 9.2 Allocated Net Plant - Cust    | (699,110)     | (497,625)         | (182,999)          | (467)                       | (5,090)        | (2,928)                 |  |
| 28   |                       | 9.2 Allocated Net Plant - Cust    | (2,267,967)   | (1,712,306)       | (526,464)          | (1,607)                     | (17,516)       | (10,074)                |  |
| 29   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 30   |                       | Total Rate Base Deductions        | (25,931,831)  | (19,817,280)      | (5,801,394)        | (17,237)                    | (187,855)      | (108,054)               |  |
| 31   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 32   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 33   |                       | TOTAL OTHER RB - CUSTOMER         | (25,221,408)  | (19,247,781)      | (5,666,867)        | (16,885)                    | (184,028)      | (105,847)               |  |
| 34   |                       |                                   |               |                   |                    |                             |                |                         |  |
| 35   |                       | 2.0 Bills                         | 0             |                   |                    |                             |                |                         |  |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |                       |                                     |               |                   |                    |                             |                |                         |
|--|-----------------------|-------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |                       |                                     |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |                                     |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |                       |                                     |               |                   |                    |                             |                |                         |
| Demand   |                       |                                     |               |                   |                    |                             |                |                         |
| Line No.   | Allocation Factor     | Allocation Basis                    | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 35   | Rate Base Additions:  |                                     |               |                   |                    |                             |                |                         |
| 36   |                       |                                     |               |                   |                    |                             |                |                         |
| 37   |                       | 7.4 Allocated O&M Expenses - Demand | (83,517)      | (45,103)          | (25,157)           |                             | (13,245)       | -                       |
| 38   |                       | 7.4 Allocated O&M Expenses - Demand | 138,952       | 73,992            | 41,282             |                             | 21,729         | -                       |
| 39   |                       | 7.4 Allocated O&M Expenses - Demand | 0             |                   |                    |                             |                |                         |
| 40   |                       | 7.4 Allocated O&M Expenses - Demand | 0             |                   |                    |                             |                |                         |
| 41   | 99.0                  | -                                   | 0             |                   |                    |                             |                |                         |
| 42   |                       | 7.4 Allocated O&M Expenses - Demand | 22,480        | 12,140            | 6,774              |                             | 3,565          | -                       |
| 43   |                       | 7.4 Allocated O&M Expenses - Demand | 179           | 97                | 54                 |                             | 28             | -                       |
| 44   |                       | 7.4 Allocated O&M Expenses - Demand | 153,717       | 83,015            | 46,322             |                             | 24,360         | -                       |
| 45   |                       | 7.4 Allocated O&M Expenses - Demand | 0             |                   |                    |                             |                |                         |
| 46   |                       | 7.4 Allocated O&M Expenses - Demand | 361,433       | 195,192           | 108,916            |                             | 57,325         | -                       |
| 47   |                       | 7.4 Allocated O&M Expenses - Demand | 41,792        | 22,570            | 12,594             |                             | 6,628          | -                       |
| 48   |                       |                                     |               |                   |                    |                             |                |                         |
| 49   |                       | Total Rate Base Additions           | 633,075       | 341,892           | 190,775            | 0                           | 100,409        | 0                       |
| 50   |                       |                                     |               |                   |                    |                             |                |                         |
| 51   |                       |                                     |               |                   |                    |                             |                |                         |
| 52   | Rate Base Deductions: |                                     |               |                   |                    |                             |                |                         |
| 53   |                       |                                     |               |                   |                    |                             |                |                         |
| 54   | 99.0                  | -                                   | 0             |                   |                    |                             |                |                         |
| 55   | 99.0                  | -                                   | 0             |                   |                    |                             |                |                         |
| 56   | 99.0                  | -                                   | 0             |                   |                    |                             |                |                         |
| 57   | 99.0                  | -                                   | 0             |                   |                    |                             |                |                         |
| 58   |                       | 9.4 Allocated Net Plant - Demand    | (47,155,663)  | (25,466,493)      | (14,210,215)       |                             | (7,479,155)    | -                       |
| 59   |                       | 9.4 Allocated Net Plant - Demand    | (82,581)      | (44,603)          | (24,889)           |                             | (13,059)       | -                       |
| 60   |                       | 9.4 Allocated Net Plant - Demand    | 14,904,801    | 8,049,328         | 4,491,497          |                             | 2,363,976      | -                       |
| 61   |                       | 9.4 Allocated Net Plant - Demand    | (1,003,499)   | (541,939)         | (302,400)          |                             | (159,160)      | -                       |
| 62   |                       | 9.4 Allocated Net Plant - Demand    | (3,452,996)   | (1,864,788)       | (1,040,545)        |                             | (547,662)      | -                       |
| 63   |                       |                                     |               |                   |                    |                             |                |                         |
| 64   |                       | Total Rate Base Deductions          | (38,790,149)  | (19,868,496)      | (11,066,552)       |                             | (5,835,101)    | -                       |
| 65   |                       |                                     |               |                   |                    |                             |                |                         |
| 66   |                       |                                     |               |                   |                    |                             |                |                         |
| 67   |                       | TOTAL OTHER RB - DEMAND             | (36,157,073)  | (19,526,603)      | (10,895,777)       |                             | (5,734,692)    | -                       |
| 68   |                       |                                     |               |                   |                    |                             |                |                         |
| 69   | 3.0                   | Peak Day                            | 0             |                   |                    |                             |                |                         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                       |                                   |               |                   |                    |                             |                |                         |
|--|-----------------------|-----------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |                       |                                   |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |                                   |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |                       |                                   |               |                   |                    |                             |                |                         |
| Commodity  |                       |                                   |               |                   |                    |                             |                |                         |
| Line No.   | Allocation Factor     | Allocation Basis                  | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 69   | Rate Base Additions:  |                                   |               |                   |                    |                             |                |                         |
| 70   |                       |                                   |               |                   |                    |                             |                |                         |
| 71   |                       | 7.6 Allocated O&M Expenses - Comm | (558,568)     | (332,144)         | (218,139)          | (7,684)                     | (294)          | (285)                   |
| 72   |                       | 7.6 Allocated O&M Expenses - Comm | 916,216       | 544,816           | 357,813            | 12,621                      | 482            | 484                     |
| 73   |                       | 7.6 Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 74   |                       | 7.6 Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 75   |                       | 1.0 Mof                           | 6,228,573     | 1,959,274         | 1,285,752          | 62,320                      | 1,397,330      | 1,524,897               |
| 76   |                       | 7.6 Allocated O&M Expenses - Comm | 160,345       | 89,401            | 58,715             | 2,071                       | 79             | 79                      |
| 77   |                       | 7.6 Allocated O&M Expenses - Comm | 1,197         | 712               | 488                | 16                          | 1              | 1                       |
| 78   |                       | 7.6 Allocated O&M Expenses - Comm | 1,028,071     | 611,330           | 401,496            | 14,161                      | 541            | 543                     |
| 79   |                       | 7.6 Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 80   |                       | 7.6 Allocated O&M Expenses - Comm | 2,417,299     | 1,437,418         | 944,036            | 33,298                      | 1,272          | 1,277                   |
| 81   |                       | 7.6 Allocated O&M Expenses - Comm | 279,509       | 166,206           | 109,158            | 3,850                       | 147            | 148                     |
| 82   |                       |                                   |               |                   |                    |                             |                |                         |
| 83   |                       | Total Rate Base Additions         | 10,463,645    | 4,477,011         | 2,939,299          | 120,643                     | 1,398,558      | 1,527,133               |
| 84   |                       |                                   |               |                   |                    |                             |                |                         |
| 85   | Rate Base Deductions: |                                   |               |                   |                    |                             |                |                         |
| 86   |                       |                                   |               |                   |                    |                             |                |                         |
| 87   |                       |                                   |               |                   |                    |                             |                |                         |
| 88   |                       | 99.0 -                            | 0             |                   |                    |                             |                |                         |
| 89   |                       | 99.0 -                            | 0             |                   |                    |                             |                |                         |
| 90   |                       | 99.0 -                            | 0             |                   |                    |                             |                |                         |
| 91   |                       | 99.0 -                            | 0             |                   |                    |                             |                |                         |
| 92   |                       | 9.6 Allocated Net Plant - Comm    | (1,238,012)   | (485,831)         | (293,079)          | (8,263)                     | (227,359)      | (222,480)               |
| 93   |                       | 9.6 Allocated Net Plant - Comm    | (2,168)       | (851)             | (513)              | (16)                        | (398)          | (390)                   |
| 94   |                       | 9.6 Allocated Net Plant - Comm    | 301,305       | 163,659           | 92,635             | 2,928                       | 71,863         | 70,320                  |
| 95   |                       | 9.6 Allocated Net Plant - Comm    | (26,345)      | (10,339)          | (6,237)            | (197)                       | (4,838)        | (4,734)                 |
| 96   |                       | 9.6 Allocated Net Plant - Comm    | (90,654)      | (35,575)          | (21,461)           | (878)                       | (16,648)       | (15,291)                |
| 97   |                       |                                   |               |                   |                    |                             |                |                         |
| 98   |                       | Total Rate Base Deductions        | (665,675)     | (379,037)         | (228,655)          | (7,227)                     | (177,381)      | (173,576)               |
| 99   |                       |                                   |               |                   |                    |                             |                |                         |
| 100  |                       |                                   |               |                   |                    |                             |                |                         |
| 101  |                       | TOTAL OTHER RB - COMMODITY        | 9,497,770     | 4,097,974         | 2,710,644          | 113,416                     | 1,221,177      | 1,353,558               |
| 102  |                       |                                   |               |                   |                    |                             |                |                         |
| 103  |                       | 1.0 Mof                           | 0             |                   |                    |                             |                |                         |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                       |   |               |                   |                    |                             |                |                         |
|--|-----------------------|---|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |                       |   |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |   |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |                       |   |               |                   |                    |                             |                |                         |
| Total Other Rate Base                                    |                       |   |               |                   |                    |                             |                |                         |
| Line No.   | Allocation Factor     | Allocation Basis                            | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 103  | Rate Base Additions:  |   |               |                   |                    |                             |                |                         |
| 104  |                       |   |               |                   |                    |                             |                |                         |
| 105  |                       | Materials and Supplies - KY Direct          | (736,803)     | (452,377)         | (261,053)          | (7,741)                     | (1,049)        | (566)                   |
| 106  |                       | Materials and Supplies - KY Mid-States GO   | 1,206,937     | 742,033           | 428,206            | 12,567                      | 23,040         | 961                     |
| 107  |                       | Materials and Supplies - Shared Services GO | 0             | -                 | -                  | -                           | -              | -                       |
| 108  |                       | Materials and Supplies - Shared Services CS | 0             | -                 | -                  | -                           | -              | -                       |
| 109  |                       | Gas Storage Inventory                       | 6,229,573     | 1,959,274         | 1,285,752          | 62,320                      | 1,397,330      | 1,524,897               |
| 110  |                       | Prepayments - KY Direct                     | 198,051       | 121,763           | 70,266             | 2,083                       | 3,781          | 158                     |
| 111  |                       | Prepayments - KY Mid-States GO              | 1,577         | 970               | 560                | 17                          | 30             | 1                       |
| 112  |                       | Prepayments - Shared Services GO            | 1,354,295     | 832,624           | 480,483            | 14,247                      | 25,853         | 1,079                   |
| 113  |                       | Prepayments - Shared Services CS            | 0             | -                 | -                  | -                           | -              | -                       |
| 114  |                       | Cash Working Capital                        | 3,164,324     | 1,697,744         | 1,129,767          | 33,469                      | 60,768         | 2,537                   |
| 115  |                       | Regulatory Assets                           | 368,199       | 226,371           | 130,632            | 3,673                       | 7,028          | 293                     |
| 116  |                       |   |               |                   |                    |                             |                |                         |
| 117  |                       | Total Rate Base Additions                   | 11,807,144    | 5,388,403         | 3,264,602          | 120,995                     | 1,503,804      | 1,529,340               |
| 118  |                       |   |               |                   |                    |                             |                |                         |
| 119  |                       |   |               |                   |                    |                             |                |                         |
| 120  | Rate Base Deductions: |   |               |                   |                    |                             |                |                         |
| 121  |                       |   |               |                   |                    |                             |                |                         |
| 122  |                       | Customer Advances - KY Direct               | (1,767,642)   | (1,573,417)       | (162,155)          | (115)                       | (1,238)        | (715)                   |
| 123  |                       | Customer Advances - KY Mid-States GO        | 0             | -                 | -                  | -                           | -              | -                       |
| 124  |                       | Customer Advances - Shared Services GO      | 0             | -                 | -                  | -                           | -              | -                       |
| 125  |                       | Customer Advances - Shared Services CS      | 0             | -                 | -                  | -                           | -              | -                       |
| 126  |                       | ADIT - KY Direct                            | (79,366,383)  | (49,336,439)      | (21,662,949)       | (31,210)                    | (7,945,728)    | (360,062)               |
| 127  |                       | ADIT - KY Mid-States GO                     | (139,007)     | (86,411)          | (37,594)           | (55)                        | (13,917)       | (631)                   |
| 128  |                       | ADIT - Shared Services GO                   | 25,955,748    | 15,594,027        | 6,856,604          | 9,865                       | 2,511,446      | 113,807                 |
| 129  |                       | ADIT - Shared Services CS                   | (1,888,954)   | (1,049,803)       | (461,836)          | (654)                       | (169,089)      | (7,662)                 |
| 130  |                       | Change in Net Operating Loss Carryforward   | (5,811,617)   | (3,612,669)       | (1,568,470)        | (2,285)                     | (581,827)      | (26,396)                |
| 131  |                       |   |               |                   |                    |                             |                |                         |
| 132  |                       | Total Rate Base Deductions                  | (63,687,855)  | (40,064,812)      | (17,116,601)       | (24,454)                    | (6,200,346)    | (261,628)               |
| 133  |                       |   |               |                   |                    |                             |                |                         |
| 134  |                       |   |               |                   |                    |                             |                |                         |
| 135  |                       | TOTAL OTHER RB                              | (51,880,711)  | (34,676,410)      | (13,851,999)       | 96,531                      | (4,696,544)    | 1,247,711               |
| 136  |                       |   |               |                   |                    |                             |                |                         |
| 137  |                       | Interest on Customer Deposits               | 0             | -                 | -                  | -                           | -              | -                       |



| Almos Energy Corporation, Kentucky/Mid-States Division   |           |  |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|--|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand Only Study                |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |  |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF O&M EXPENSES                               |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Customer   |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Description  | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| Production & Gathering:                                  |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Operation  |           |  |                   |                  |               |                   |                    |                             |                |                         |
| 3  | 7500      | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 4  | 7510      | Production Mops & Records                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 5  | 7530      | Field Lines Expenses                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 6  | 7540      | Field Compressor Station Expense                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 7  | 7550      | Field Compressor Sta. Fuel & Pwr.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 8  | 7560      | Field Meas. & Regul. Station Exp.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 9  | 7570      | Purification Expense                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 10   | 7590      | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 11   |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 12   | 7610      | Maint. Sup., & Eng.                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 13   | 7620      | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 14   | 7640      | Field Line Maintenance                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 15   | 7650      | Compressor Station Equip. Maint.                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 16   | 7690      | Meas. & Regul. Station Equip Maint                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 17   | 7670      | Purification Equipment Maintenance                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 18   | 7680      | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 19   | 7690      | Gas Processed By Others                            | 99.0              |                  | 0             |                   |                    |                             |                | 0                       |
| 20   |           | Total Production & Gathering                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| Other Gas Supply Expenses:                               |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Operation  |           |  |                   |                  |               |                   |                    |                             |                |                         |
| 24   | 8001      | Intercompany Gas Well-head Purchases               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 25   | 8040      | Natural Gas City Gate Purchases                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 26   | 8045      | Transportation to City Gate                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 27   | 8050      | Transmission-Operation supervision and engineering | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 28   | 8051      | Other Gas Purchases / Gas Cost Adjustments         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 29   | 8052      | PGA for Commercial                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 30   | 8053      | PGA for Industrial                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 31   | 8054      | PGA for Public Authority                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 32   | 8057      | PGA for Transportation Sales                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 33   | 8058      | Liquid PGA Costs                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 34   | 8059      | PGA Offset to Unrecovered Gas Cost                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 35   | 8060      | Exchange Gas                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 36   | 8081      | Gas Withdrawn From Storage - Debit                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 37   | 8082      | Gas Delivered to Storage                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 38   | 8120      | Gas Used for Other Utility Operations              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 39   | 8130      | Other Gas Supply Expenses                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 40   |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 41   | 8350      | Maint. Of Purch. Gas Meas. Sta.                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 42   | 8350      | Total Other Gas Supply Expenses                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 43   |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Underground Storage:                                     |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Operation  |           |  |                   |                  |               |                   |                    |                             |                |                         |
| 45   | 8140      | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 46   | 8150      | Mops & Records                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 47   | 8160      | Wells Expense                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 48   | 8170      | Lines Expense                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 49   | 8170      | Compressor Station Fuel & Power                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 50   | 8180      | Compressor Station Fuel & Power                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 51   | 8190      | Meas. & Regul. Station Expenses                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 52   | 8200      | Purification Expenses                              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 53   | 8210      | Exploration & Development                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 54   | 8220      | Gas Losses   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 55   | 8230      | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 56   | 8240      | Storage Well Royalties                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 57   | 8250      | Rents  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 58   | 8260      | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 59   | 8300      | Maint. Sup., & Eng.                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 60   | 8310      | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 61   | 8320      | Reservoirs & Wells Maintenance                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 62   | 8330      | Line Maintenance                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 63   | 8340      | Compressor Station Equip Maint                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 64   | 8350      | Meas. & Regul. Station Equip Maint                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 65   | 8360      | Purification Equipment Maintenance                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 66   | 8370      | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 67   |           | Total Underground Storage Expense                  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 68   |           |  |                   |                  |               |                   |                    |                             |                |                         |
| 69   |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Transmission:  |           |  |                   |                  |               |                   |                    |                             |                |                         |
| Operation  |           |  |                   |                  |               |                   |                    |                             |                |                         |
| 71   | 8500      | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 72   | 8510      | System Control & Load Dispatching                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 73   | 8520      | Communication Systems Expense                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 74   | 8530      | Compressor Station Labor Expense                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 75   | 8540      | Compressor Station Fuel Gas                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 76   | 8550      | Compressor Station Fuel & Power                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 77   | 8560      | Mains Expense                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 78   | 8570      | Meas. & Regul. Station Expenses                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 79   | 8580      | LDC Payment  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 80   | 8590      | LDC Payment - ASG                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 81   | 8600      | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 82   |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 83   | 8610      | Maint. Sup., & Eng.                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 84   | 8620      | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 85   | 8630      | Mains  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 86   | 8640      | Compressor Station Equip Maint                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 87   | 8650      | Meas. & Regul. Station Equip Maint                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 88   | 8660      | Communication Equipment Maintenance                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 89   | 8670      | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 90   |           | Total Transmission Expense                         |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |



Altoon Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF O&M EXPENSES

| Line No. | Acct. No. | Demand   | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-----------|--|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
|          |           |  |                   |                  |               |                   |                    |                             |                |                         |
| 163      |           | Production & Gathering:                            |                   |                  |               |                   |                    |                             |                |                         |
| 164      | 7500      | Operation  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 165      | 7510      | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 166      | 7530      | Production Meters & Records                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 167      | 7540      | Field Lines Expenses                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 168      | 7550      | Field Compressor Station Expense                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 169      | 7550      | Field Compressor Sta. Fuel & Pwr.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 170      | 7570      | Field Meas. & Regul. Station Exp.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 171      | 7590      | Purification Expense                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 172      |           | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 173      | 7610      | Maintenance  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 174      | 7620      | Maint. Sup. & Eng.                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 175      | 7640      | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 176      | 7650      | Field Line Maintenance                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 177      | 7660      | Compressor Station Equip. Maint.                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 178      | 7670      | Meas. & Regul. Station Equip. Maint.               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 179      | 7680      | Purification Equipment Maintenance                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 180      | 7690      | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 181      |           | Gas Processed By Others                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 182      |           | Total Production & Gathering                       | 0                 |                  | 0             |                   |                    |                             | 0              | 0                       |
| 183      |           | Other Gas Supply Expenses:                         |                   |                  |               |                   |                    |                             |                |                         |
| 184      |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 185      | 8001      | Intercompany Gas W/Load Purchases                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 186      | 8040      | Natural Gas City Gate Purchases                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 187      | 8045      | Transportation to City Gate                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 188      | 8050      | Transmission Operation supervision and engineering | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 189      | 8051      | Other Gas Purchases / Gas Cost Adjustments         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 190      | 8055      | PGA for Commercial                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 191      | 8053      | PGA for Industrial                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 192      | 8054      | PGA for Public Authority                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 193      | 8057      | PGA for Transportation Sales                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 194      | 8058      | Unbilled PGA Costs                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 195      | 8059      | PGA Offset to Unrecovered Gas Cost                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 196      | 8060      | Exchange Gas                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 197      | 8081      | Gas Withdrawn From Storage - Debit                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 198      | 8082      | Gas Delivered to Storage                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 199      | 8120      | Gas Used for Other Utility Operations              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 200      | 8130      | Other Gas Supply Expenses                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 201      |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 202      | 8350      | Maint. Of Purch. Gas Meas. Sta.                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 203      |           | Total Other Gas Supply Expenses                    | 0                 |                  | 0             |                   |                    |                             | 0              | 0                       |
| 204      |           | Underground Storage:                               |                   |                  |               |                   |                    |                             |                |                         |
| 205      |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 206      | 8140      | Op., Sup., & Eng.                                  | 3.0 Peak Day      |                  | (97)          | (20)              | (11)               |                             | (8)            |                         |
| 207      | 8150      | Maps & Records                                     | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 208      | 8160      | Wells Expense                                      | 3.0 Peak Day      |                  | 46,003        | 24,844            | 13,653             |                             | 7,299          |                         |
| 209      | 8170      | Lines Expense                                      | 3.0 Peak Day      |                  | 18,217        | 9,638             | 5,493              |                             | 2,839          |                         |
| 210      | 8180      | Compressor Station Expense                         | 3.0 Peak Day      |                  | 13,164        | 7,159             | 3,857              |                             | 2,058          |                         |
| 211      | 8190      | Compressor Station Fuel & Power                    | 3.0 Peak Day      |                  | 348           | 188               | 105                |                             | 55             |                         |
| 212      | 8200      | Meas. & Regul. Station Expenses                    | 3.0 Peak Day      |                  | 1,370         | 740               | 415                |                             | 217            |                         |
| 213      | 8210      | Purification Expenses                              | 3.0 Peak Day      |                  | 23,240        | 12,551            | 7,003              |                             | 3,688          |                         |
| 214      | 8220      | Exploration & Development                          | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 215      | 8230      | Gas Losses   | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 216      | 8240      | Other Expenses                                     | 3.0 Peak Day      |                  | 859           | 345               | 193                |                             | 101            |                         |
| 217      | 8250      | Storage Well Royalties                             | 3.0 Peak Day      |                  | 3,684         | 1,890             | 1,110              |                             | 584            |                         |
| 218      | 8260      | Rents  | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 219      |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 220      | 8300      | Maint. Sup. & Eng.                                 | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 221      | 8310      | Structures and Improvements                        | 3.0 Peak Day      |                  | 1,917         | 1,036             | 578                |                             | 304            |                         |
| 222      | 8320      | Reservoirs & Wells Maintenance                     | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 223      | 8330      | Line Maintenance                                   | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 224      | 8340      | Compressor Station Equip. Maint.                   | 3.0 Peak Day      |                  | 1,553         | 839               | 468                |                             | 246            |                         |
| 225      | 8350      | Meas. & Regul. Station Equip. Maint.               | 3.0 Peak Day      |                  | 1,212         | 654               | 365                |                             | 189            |                         |
| 226      | 8360      | Purification Equipment Maintenance                 | 3.0 Peak Day      |                  | 0             | 124               | 67                 |                             | 29             |                         |
| 227      | 8370      | Other Equipment Maintenance                        | 3.0 Peak Day      |                  | 64,666        | 34,924            | 19,487             |                             | 10,257         |                         |
| 228      |           | Total Underground Storage Expense                  |                   |                  | 176,103       | 96,104            | 53,068             |                             | 27,931         |                         |
| 229      |           | Transmission:                                      |                   |                  |               |                   |                    |                             |                |                         |
| 230      |           | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 231      | 8500      | Op., Sup., & Eng.                                  | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 232      | 8510      | System Control & Load Dispatching                  | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 233      | 8520      | Communication Systems Expense                      | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 234      | 8530      | Compressor Station Labor Expense                   | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 235      | 8540      | Compressor Station Fuel Gas                        | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 236      | 8550      | Compressor Station Fuel & Power                    | 3.0 Peak Day      |                  | 50            | 27                | 16                 |                             | 8              |                         |
| 237      | 8560      | Mainline Expense                                   | 3.0 Peak Day      |                  | 307,841       | 169,248           | 92,787             |                             | 48,829         |                         |
| 238      | 8570      | Meas. & Regul. Station Expenses                    | 3.0 Peak Day      |                  | 33,862        | 18,128            | 10,111             |                             | 5,241          |                         |
| 239      | 8580      | LDC Payment  | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 240      | 8580      | LDC Payment - ASG                                  | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 241      | 8590      | Other Expenses                                     | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 242      | 8600      | Rents  | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 243      |           | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 244      | 8610      | Maint. Sup. & Eng.                                 | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 245      | 8620      | Structures and Improvements                        | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 246      | 8630      | Mainline   | 3.0 Peak Day      |                  | 5,910         | 3,192             | 1,781              |                             | 937            |                         |
| 247      | 8640      | Compressor Station Equip. Maint.                   | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 248      | 8650      | Meas. & Regul. Station Equip. Maint.               | 3.0 Peak Day      |                  | 5,002         | 3,133             | 1,748              |                             | 920            |                         |
| 249      | 8660      | Communication Equipment Maintenance                | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 250      | 8670      | Other Equipment Maintenance                        | 3.0 Peak Day      |                  | 0             |                   |                    |                             |                |                         |
| 251      |           | Total Transmission Expense                         |                   |                  | 393,156       | 190,721           | 106,422            |                             | 56,012         |                         |

| Alcoa Energy Corporation, Kentucky/Mid-States Division   |  |   |            |           |           |
|--|--|---|------------|-----------|-----------|
| Class Cost of Service - Demand Only Study                |  |   |            |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |   |            |           |           |
| ALLOCATION OF O&M EXPENSES                               |  |   |            |           |           |
| 254  | Distribution:  |   |            |           |           |
| 255  | Operations   |   |            |           |           |
| 257  | Supervision and Engineering                                    | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 633,874    | 341,881   | 190,774   |
| 258  | Distribution Load Dispatching                                  | 99.0  | 0          | -         | 100,409   |
| 259  | Obtention  | 99.0  | 0          | -         | -         |
| 260  | Compressor Station Labor & Expenses                            | 11.4 Composite of Accts. 376 & 380 - Demand                         | 0          | -         | -         |
| 261  | Maintenance & Services   | 12.4 Composite of Accts. 374-379 - Demand                           | 2,546,542  | 1,375,258 | 767,383   |
| 262  | Measuring and Regulating Station Exp. - Gen                    | 12.4 Composite of Accts. 374-379 - Demand                           | 393,588    | 212,557   | 115,506   |
| 263  | Measuring and Regulating Station Exp. - City Gate              | 99.0  | 0          | -         | 62,425    |
| 264  | Meters and House Regulator Expense                             | 12.4 Composite of Accts. 374-379 - Demand                           | 114,966    | 62,103    | 34,553    |
| 265  | Customer Installations Expense                                 | 13.4 Composite of Accts. 381-383 - Demand                           | 0          | -         | -         |
| 266  | Other Expense  | 99.0  | 0          | -         | 18,239    |
| 267  | Rentals  | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 123,290    | 66,596    | 37,165    |
| 268  | Maintenance  | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 240,248    | 129,746   | 72,397    |
| 269  | Maintenance Supervision and Engineering                        | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 1,306      | 705       | 394       |
| 270  | Maintenance of Structures and Improvements                     | 12.4 Composite of Accts. 374-379 - Demand                           | 21,234     | 11,487    | 6,399     |
| 271  | Maintenance of Meters  | 12.4 Composite of Accts. 374-379 - Demand                           | 42,538     | 22,872    | 12,819    |
| 272  | Maintenance of compressor station equipment                    | 99.0  | 0          | -         | 8,747     |
| 273  | Maint. of Measuring and Regulating Station Equip. - General    | 12.4 Composite of Accts. 374-379 - Demand                           | 6,135      | 3,313     | 1,849     |
| 274  | Maint. of Measuring and Regulating Station Equip. - Industrial | 99.0  | 0          | -         | 973       |
| 275  | Maint. of Measuring and Regulating Station Equip. - City Gate  | 12.4 Composite of Accts. 374-379 - Demand                           | 23,705     | 12,851    | 7,171     |
| 276  | Maintenance of Services  | 14.4 Account 380 - Demand   | 0          | -         | -         |
| 277  | Maintenance of Meters and House Regulators                     | 13.4 Composite of Accts. 381-383 - Demand                           | 49,970     | 22,128    | 12,248    |
| 278  | Maintenance of Other Equipment                                 | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 0          | -         | 6,498     |
| 279  | Total Distribution   |   | 4,187,720  | 2,261,876 | 1,261,951 |
| 280  | Customer Accounts:   |   |            |           |           |
| 281  | Supervision  | 99.0  | 0          | -         | 0         |
| 282  | Meter Reading Expense  | 99.0  | 0          | -         | 0         |
| 283  | Customer Records and Collection Expenses                       | 99.0  | 0          | -         | 0         |
| 284  | Uncollectible Accounts   | 99.0  | 0          | -         | 0         |
| 285  | Miscellaneous Customer Accounts Expenses                       | 99.0  | 0          | -         | 0         |
| 286  | Total Customer Accounts  |   | 0          | -         | 0         |
| 287  | Customer Service and Information:                              |   |            |           |           |
| 288  | Supervision  | 99.0  | 0          | -         | 0         |
| 289  | Customer Assistance Expenses                                   | 99.0  | 0          | -         | 0         |
| 290  | Informational and Instructional Advertising Expenses           | 99.0  | 0          | -         | 0         |
| 291  | Miscellaneous Customer Service and Informational Expenses      | 99.0  | 0          | -         | 0         |
| 292  | Total Customer Service and Information                         |   | 0          | -         | 0         |
| 293  | Sales:   |   |            |           |           |
| 294  | Supervision  | 99.0  | 0          | -         | 0         |
| 295  | Demonstrating and Selling Expenses                             | 99.0  | 0          | -         | 0         |
| 296  | Advertising Expenses   | 99.0  | 0          | -         | 0         |
| 297  | Miscellaneous Sales Expenses                                   | 99.0  | 0          | -         | 0         |
| 298  | Total Sales  |   | 0          | -         | 0         |
| 299  | Administrative & General:                                      |   |            |           |           |
| 300  | Operations   |   |            |           |           |
| 301  | Administrative and General Salaries                            | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 655,141    | (353,808) | (197,424) |
| 302  | Office Supplies and Expenses                                   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 3,234      | 1,747     | 978       |
| 303  | Administrative Expenses Transferred - Customer Support         | 99.0  | 0          | -         | 513       |
| 304  | Administrative Expenses Transferred - General                  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 6,623,917  | 3,577,242 | 1,996,089 |
| 305  | Outside Services Employed                                      | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 68,281     | 47,676    | 26,803    |
| 306  | Property Insurance   | 9.4 Allocated Not Plant - Demand                                    | 4,847      | 2,517     | 1,481     |
| 307  | Injuries and Damages   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 101,285    | 54,792    | 30,323    |
| 308  | Employee Pensions and Benefits                                 | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 1,033,168  | 557,962   | 311,341   |
| 309  | Franchise Requirements   | 99.0  | 0          | -         | 0         |
| 310  | Regulatory Contribution Expenses                               | 99.0  | 0          | -         | 0         |
| 311  | General Advertising Expenses                                   | 99.0  | 0          | -         | 0         |
| 312  | Miscellaneous General Expense                                  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (11,178)   | (8,037)   | (3,369)   |
| 313  | Rentals  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (4,588)    | (2,940)   | (1,475)   |
| 314  | Maintenance  |   |            |           |           |
| 315  | Maintenance of General Plant                                   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 859        | 372       | 208       |
| 316  | Total A&G  |   | 7,184,219  | 3,679,833 | 2,164,923 |
| 317  |  |   |            |           |           |
| 318  |  |   |            |           |           |
| 319  |  |   |            |           |           |
| 320  |  |   |            |           |           |
| 321  |  |   |            |           |           |
| 322  | TOTAL O&M EXPENSE - DEMAND                                     |   | 11,801,197 | 6,427,234 | 3,686,374 |
|  |  |   |            |           | 0         |
|  |  |   |            |           | 0         |

| Alamos Energy Corporation, Kentucky/Mid-Silates Division |           |   |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|---|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Cost Study                |           |   |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |   |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF O&M EXPENSES                               |           |   |                   |                  |               |                   |                    |                             |                |                         |
| Commodity  |           |   |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Description                                       | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 324  |           | Production & Gathering: Operation                 |                   |                  |               |                   |                    |                             |                |                         |
| 325  | 7500      | Op., Sup., & Eng.                                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 326  | 7510      | Production Maps & Records                         | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 327  | 7530      | Field Lines Expenses                              | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 328  | 7540      | Field Compressor Station Expense                  | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 329  | 7550      | Field Compressor Sta. Fuel & Pow.                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 330  | 7650      | Field Meas. & Regul. Station Exp.                 | 18.4              | Gas Costs        | 104           | 62                | 41                 | 1                           | -              | -                       |
| 331  | 7670      | Purification Expense                              | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 332  | 7590      | Other Expenses                                    | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 333  |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 334  | 7610      | Maint. Sup., & Eng.                               | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 335  | 7620      | Structures and Improvements                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 336  | 7630      | Field Line Maintenance                            | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 337  | 7650      | Compressor Station Equip. Maint.                  | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 338  | 7660      | Meas. & Regul. Station Equip Maint                | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 339  | 7670      | Purification Equipment Maintenance                | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 340  | 7680      | Other Equipment Maintenance                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 341  | 7690      | Gas Processed By Others                           | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 342  |           | Total Production & Gathering                      |                   |                  | 104           | 62                | 41                 | 1                           | 0              | 0                       |
| 343  |           | Other Gas Supply Expenses:                        |                   |                  |               |                   |                    |                             |                |                         |
| 344  |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 345  | 8001      | Intercompany Gas Well-head Purchases              | 18.4              | Gas Costs        | 1,391,074     | 628,617           | 543,873            | 19,184                      | -              | -                       |
| 347  | 8040      | Natural Gas City Gate Purchases                   | 18.4              | Gas Costs        | 64,850,898    | 32,518,134        | 21,358,153         | 763,999                     | -              | -                       |
| 348  | 8045      | Transportation to City Gate                       | 18.4              | Gas Costs        | 0             | -                 | -                  | -                           | -              | -                       |
| 349  | 8050      | Transmission Operator supervision and engineering | 18.4              | Gas Costs        | 16,838        | 9,904             | 8,205              | 229                         | -              | -                       |
| 350  | 8051      | Other Gas Purchases / Gas Cost Adjustments        | 18.4              | Gas Costs        | 60,028,638    | 29,777,841        | 19,556,093         | 689,595                     | -              | -                       |
| 351  | 8055      | PGA for Commercial                                | 18.4              | Gas Costs        | 24,814,110    | 14,770,244        | 9,701,661          | 342,295                     | -              | -                       |
| 352  | 8055      | PGA for Industrial                                | 18.4              | Gas Costs        | 4,715,343     | 2,899,741         | 1,843,576          | 65,928                      | -              | -                       |
| 353  | 8054      | PGA for Public Authority                          | 18.4              | Gas Costs        | 5,349,059     | 3,183,975         | 2,091,356          | 73,788                      | -              | -                       |
| 354  | 8057      | PGA for Transportation Sales                      | 18.4              | Gas Costs        | 0             | -                 | -                  | -                           | -              | -                       |
| 355  | 8059      | Unid. Gas Costs                                   | 18.4              | Gas Costs        | 5,515,159     | 3,283,414         | 2,156,672          | 78,072                      | -              | -                       |
| 356  | 8059      | PGA Offset to Unrecovered Gas Cost                | 18.4              | Gas Costs        | (80,142,158)  | (47,709,473)      | (31,393,494)       | (1,105,221)                 | -              | -                       |
| 357  | 8060      | Exchange Gas                                      | 18.4              | Gas Costs        | (1,334,672)   | (794,445)         | (621,822)          | (18,408)                    | -              | -                       |
| 358  | 8081      | Gas Withdrawn From Storage - Debit                | 18.4              | Gas Costs        | 20,002,842    | 11,906,030        | 7,826,598          | 276,855                     | -              | -                       |
| 359  | 8082      | Gas Delivered to Storage                          | 18.4              | Gas Costs        | (46,814,585)  | (9,830,970)       | (6,456,768)        | (227,749)                   | -              | -                       |
| 360  | 8120      | Gas Used for Other Utility Operations             | 18.4              | Gas Costs        | (10,856)      | (6,462)           | (4,244)            | (150)                       | -              | -                       |
| 361  | 8130      | Other Gas Supply Expenses                         | 18.4              | Gas Costs        | 21,930,135    | 13,665,004        | 8,881,922          | 302,709                     | -              | -                       |
| 362  |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 363  | 8350      | Maint. Of Purch. Gas Meas. Sta.                   | 18.4              | Gas Costs        | 0             | -                 | -                  | -                           | -              | -                       |
| 364  |           | Total Other Gas Supply Expenses                   |                   |                  | 79,378,177    | 47,248,724        | 31,034,788         | 1,094,688                   | 0              | 0                       |
| 365  |           | Underground Storage:                              |                   |                  |               |                   |                    |                             |                |                         |
| 366  |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 368  | 8140      | Op., Sup., & Eng.                                 | 1.5               | Water Volumes    | 0             | (37)              | (6)                | (9)                         | (7)            | (7)                     |
| 369  | 8150      | Maps & Records                                    | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 370  | 8160      | Wells Expense                                     | 1.5               | Water Volumes    | 46,003        | 18,011            | 10,859             | 342                         | 5,487          | 8,265                   |
| 371  | 8170      | Lines Expense                                     | 1.5               | Water Volumes    | 18,217        | 7,132             | 4,303              | 155                         | 3,361          | 3,299                   |
| 372  | 8180      | Compressor Station Fuel & Power                   | 1.5               | Water Volumes    | 13,064        | 6,154             | 3,107              | 86                          | 2,429          | 2,316                   |
| 373  | 8190      | Compressor Station Fuel & Power                   | 1.5               | Water Volumes    | 348           | 139               | 82                 | 3                           | 64             | 83                      |
| 374  | 8200      | Meas. & Regul. Station Expenses                   | 1.5               | Water Volumes    | 1,370         | 536               | 323                | 10                          | 253            | 247                     |
| 375  | 8210      | Purification Expenses                             | 1.5               | Water Volumes    | 23,240        | 9,099             | 5,468              | 173                         | 4,287          | 4,305                   |
| 376  | 8220      | Exploration & Development                         | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 377  | 8230      | Gas Losses  | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 378  | 8240      | Other Expenses                                    | 1.5               | Water Volumes    | 829           | 250               | 151                | 5                           | 118            | 118                     |
| 379  | 8260      | Storage Well Royalties                            | 1.5               | Water Volumes    | 3,684         | 1,442             | 870                | 27                          | 950            | 895                     |
| 380  | 8260      | Rents   | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 381  |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 382  | 8300      | Maint. Sup., & Eng.                               | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 383  | 8310      | Structures and Improvements                       | 1.5               | Water Volumes    | 1,917         | 761               | 453                | 14                          | 354            | 346                     |
| 384  | 8320      | Reservoirs & Wells Maintenance                    | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 385  | 8330      | Line Maintenance                                  | 1.5               | Water Volumes    | 0             | -                 | -                  | -                           | -              | -                       |
| 386  | 8340      | Compressor Station Equip Maint                    | 1.5               | Water Volumes    | 1,653         | 608               | 367                | 12                          | 287            | 280                     |
| 387  | 8350      | Meas. & Regul. Station Equip Maint                | 1.5               | Water Volumes    | 1,212         | 474               | 286                | 9                           | 224            | 219                     |
| 388  | 8360      | Purification Equipment Maintenance                | 1.5               | Water Volumes    | 124           | 49                | 29                 | 1                           | 23             | 22                      |
| 389  | 8370      | Other Equipment Maintenance                       | 1.5               | Water Volumes    | 64,860        | 26,219            | 15,264             | 481                         | 11,930         | 11,674                  |
| 390  |           | Total Underground Storage Expense                 |                   |                  | 176,103       | 68,948            | 41,568             | 1,308                       | 32,468         | 31,791                  |
| 391  |           | Transmission:                                     |                   |                  |               |                   |                    |                             |                |                         |
| 392  |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 394  | 8500      | Op., Sup., & Eng.                                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 395  | 8510      | System Control & Load Dispatching                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 396  | 8520      | Communication Systems Expense                     | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 397  | 8530      | Compressor Station Labor Expense                  | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 398  | 8540      | Compressor Station Fuel Gas                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 399  | 8550      | Compressor Station Fuel & Power                   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 400  | 8560      | Mains Expense                                     | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 401  | 8570      | Meas. & Regul. Station Expenses                   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 402  | 8580      | LDC Payment                                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 403  | 8580      | LDC Payment - ADG                                 | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 404  | 8590      | Other Expenses                                    | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 405  | 8600      | Rents   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 406  |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 407  | 8610      | Maint. Sup., & Eng.                               | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 408  | 8620      | Structures and Improvements                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 409  | 8630      | Mains   | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 410  | 8640      | Compressor Station Equip Maint                    | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 411  | 8650      | Meas. & Regul. Station Equip Maint                | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 412  | 8660      | Communication Equipment Maintenance               | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 413  | 8670      | Other Equipment Maintenance                       | 99.0              | -                | 0             | -                 | -                  | -                           | -              | -                       |
| 414  |           | Total Transmission Expense                        |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |



Airco Energy Corporation, Kentucky/Mississippi Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

**ALLOCATION OF O&M EXPENSES**

| Line No. | Acct. No. | Production & Gathering:                           | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-----------|---|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 484      |           | <b>Total O&amp;M Expenses</b>                     |                   |                  |               |                   |                    |                             |                |                         |
| 485      |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 486      | 7500      | Op., Sup., & Eng.                                 |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 487      | 7510      | Production Maps & Records                         |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 488      | 7530      | Field Lines Expenses                              |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 489      | 7540      | Field Compressor Station Expense                  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 490      | 7550      | Field Compressor Sta. Fuel & Power                |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 491      | 7560      | Field Meas. & Regul. Station Exp.                 |                   |                  | 104           | 62                | 41                 | 1                           | 0              | 0                       |
| 492      | 7570      | Purification Expense                              |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 493      | 7590      | Other Expenses                                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 494      |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 495      | 7610      | Maint. Sup. & Eng.                                |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 496      | 7620      | Structures and Improvements                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 497      | 7640      | Field Line Maintenance                            |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 498      | 7650      | Compressor Station Equip. Maint.                  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 499      | 7660      | Meas. & Regul. Station Equip Maint.               |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 500      | 7670      | Purification Equipment Maintenance                |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 501      | 7680      | Other Equipment Maintenance                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 502      | 7690      | Gas Processed By Others                           |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 503      |           | Total Production & Gathering                      |                   |                  | 104           | 62                | 41                 | 1                           | 0              | 0                       |
| 504      |           | Other Gas Supply Expenses:                        |                   |                  |               |                   |                    |                             |                |                         |
| 505      |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 506      | 8001      | Intercompany Gas Well-head Purchases              |                   |                  | 1,301,074     | 828,017           | 543,873            | 19,184                      | 0              | 0                       |
| 508      | 8040      | Natural Gas City Gate Purchases                   |                   |                  | 54,630,886    | 32,518,134        | 21,359,183         | 763,399                     | 0              | 0                       |
| 508      | 8045      | Transportation to City Gate                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 510      | 8050      | Transmission-Operator supervision and engineering |                   |                  | 16,838        | 9,804             | 6,506              | 228                         | 0              | 0                       |
| 511      | 8061      | Other Gas Purchases / Gas Cost Adjustments        |                   |                  | 50,028,838    | 29,777,841        | 19,699,093         | 689,905                     | 0              | 0                       |
| 512      | 8052      | PGA for Commercial                                |                   |                  | 24,814,110    | 14,770,244        | 9,701,851          | 342,206                     | 0              | 0                       |
| 513      | 8053      | PGA for Industrial                                |                   |                  | 4,716,343     | 2,893,741         | 1,843,576          | 62,628                      | 0              | 0                       |
| 514      | 8054      | PGA for Public Authority                          |                   |                  | 5,346,099     | 3,183,875         | 2,091,356          | 73,758                      | 0              | 0                       |
| 515      | 8057      | PGA for Transportation Sales                      |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 516      | 8058      | Unpaid PGA Costs                                  |                   |                  | (5,516,189)   | (3,283,474)       | (2,156,672)        | (76,072)                    | 0              | 0                       |
| 517      | 8059      | PGA Offset to Unrecovered Gas Cost                |                   |                  | (60,142,158)  | (47,703,473)      | (31,233,464)       | (1,105,221)                 | 0              | 0                       |
| 518      | 8060      | Exchange Gas                                      |                   |                  | (1,334,972)   | (794,445)         | (521,822)          | (18,496)                    | 0              | 0                       |
| 518      | 8061      | Gas Withdrawn from Storage - Debit                |                   |                  | 20,302,283    | 11,906,450        | 7,803,598          | 225,856                     | 0              | 0                       |
| 520      | 8082      | Gas Delivered to Storage                          |                   |                  | (19,814,588)  | (9,630,070)       | (6,456,765)        | (227,749)                   | 0              | 0                       |
| 521      | 8125      | Gas Used for Other Utility Operations             |                   |                  | (10,859)      | (6,462)           | (4,244)            | (150)                       | 0              | 0                       |
| 522      | 8130      | Other Gas Supply Expenses                         |                   |                  | 21,960,135    | 13,065,604        | 8,581,322          | 302,709                     | 0              | 0                       |
| 523      |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 524      | 8350      | Maint. Of Pumph. Gas Meas. Sta.                   |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 525      |           | Total Other Gas Supply Expenses                   |                   |                  | 79,378,177    | 47,248,724        | 31,034,768         | 1,084,685                   | 0              | 0                       |
| 526      |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 527      |           | Underground Storage:                              |                   |                  |               |                   |                    |                             |                |                         |
| 528      |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 529      | 8140      | Op., Sup., & Eng.                                 |                   |                  | (73)          | (24)              | (20)               | (9)                         | (13)           | (7)                     |
| 530      | 8160      | Maps & Records                                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 531      | 8160      | Wells Expense                                     |                   |                  | 82,007        | 42,865            | 24,722             | 342                         | 16,783         | 8,305                   |
| 532      | 8170      | Lines Expense                                     |                   |                  | 36,435        | 16,971            | 9,790              | 136                         | 6,250          | 3,288                   |
| 533      | 8180      | Compressor Station Expense                        |                   |                  | 28,827        | 12,263            | 7,074              | 88                          | 4,516          | 2,376                   |
| 534      | 8190      | Compressor Station Fuel & Power                   |                   |                  | 697           | 324               | 187                | 3                           | 120            | 63                      |
| 535      | 8200      | Meas. & Regul. Station Expenses                   |                   |                  | 2,740         | 1,278             | 736                | 10                          | 470            | 247                     |
| 536      | 8210      | Purification Expenses                             |                   |                  | 46,400        | 21,649            | 12,489             | 173                         | 7,573          | 4,195                   |
| 537      | 8220      | Exploration & Development                         |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 538      | 8230      | Gas Losses  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 538      | 8240      | Other Expenses                                    |                   |                  | 1,278         | 696               | 343                | 8                           | 219            | 116                     |
| 540      | 8250      | Storage Well Royalties                            |                   |                  | 7,988         | 3,432             | 1,980              | 27                          | 1,264          | 695                     |
| 541      | 8260      | Rents   |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 542      |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 543      | 8300      | Maint. Sup. & Eng.                                |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 544      | 8310      | Structures and Improvements                       |                   |                  | 3,834         | 1,786             | 1,030              | 14                          | 658            | 346                     |
| 545      | 8320      | Reservoirs & Wells Maintenance                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 546      | 8330      | Line Maintenance                                  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 547      | 8340      | Compressor Station Equip Maint.                   |                   |                  | 3,106         | 1,447             | 836                | 12                          | 533            | 280                     |
| 548      | 8350      | Meas. & Regul. Station Equip Maint.               |                   |                  | 2,424         | 1,129             | 651                | 9                           | 416            | 219                     |
| 549      | 8360      | Purification Equipment Maintenance                |                   |                  | 246           | 116               | 67                 | 1                           | 63             | 32                      |
| 550      | 8370      | Other Equipment Maintenance                       |                   |                  | 129,336       | 60,243            | 34,752             | 481                         | 22,187         | 11,674                  |
| 551      |           | Total Underground Storage Expense                 |                   |                  | 382,208       | 184,052           | 94,636             | 1,309                       | 60,419         | 31,791                  |
| 552      |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 553      |           | Transmission:                                     |                   |                  |               |                   |                    |                             |                |                         |
| 554      |           | Operation   |                   |                  |               |                   |                    |                             |                |                         |
| 555      | 8500      | Op., Sup., & Eng.                                 |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 556      | 8510      | System Control & Load Dispatching                 |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 557      | 8520      | Communication Systems Expense                     |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 558      | 8530      | Compressor Station Labor Expense                  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 559      | 8540      | Compressor Station Fuel Gas                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 560      | 8550      | Compressor Station Fuel & Power                   |                   |                  | 50            | 27                | 15                 | 0                           | 8              | 0                       |
| 561      | 8560      | Mains Expense                                     |                   |                  | 307,841       | 166,249           | 92,767             | 0                           | 48,895         | 0                       |
| 562      | 8570      | Meas. & Regul. Station Expenses                   |                   |                  | 33,692        | 14,120            | 10,111             | 0                           | 5,241          | 0                       |
| 563      | 8590      | LDC Payment                                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 564      | 8580      | LDC Payment - ASG                                 |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 565      | 8590      | Other Expenses                                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 566      | 8600      | Rents   |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 567      |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 568      | 8610      | Maint. Sup. & Eng.                                |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 569      | 8620      | Structures and Improvements                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 570      | 8630      | Mains   |                   |                  | 5,910         | 3,192             | 1,781              | 0                           | 937            | 0                       |
| 571      | 8640      | Compressor Station Equip Maint.                   |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 572      | 8650      | Meas. & Regul. Station Equip Maint.               |                   |                  | 5,802         | 3,133             | 1,749              | 0                           | 920            | 0                       |
| 573      | 8660      | Communication Equipment Maintenance               |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 574      | 8670      | Other Equipment Maintenance                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 575      |           | Total Transmission Expenses                       |                   |                  | 353,165       | 190,721           | 106,422            | 0                           | 56,012         | 0                       |

| Allou Energy Corporation, Kentucky/Mid-State Division    |   |             |            |            |           |           |         |
|--|---|-------------|------------|------------|-----------|-----------|---------|
| Class Cost of Service - Demand-Only Study                |   |             |            |            |           |           |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |             |            |            |           |           |         |
| ALLOCATION OF O&M EXPENSES                               |   |             |            |            |           |           |         |
| 570  |   |             |            |            |           |           |         |
| 577  | Distribution  |             |            |            |           |           |         |
| 578  | Operation   |             |            |            |           |           |         |
| 579  | 8700 Supervision and Engineering                                    | 1,066,340   | 660,415    | 298,076    | 372       | 104,728   | 2,751   |
| 580  | 8710 Distribution Load Dispatching                                  | 1,775       | 558        | 366        | 18        | 398       | 435     |
| 581  | 8711 Colorization   | 9,756       | 3,066      | 2,013      | 86        | 2,168     | 2,368   |
| 581  | 8720 Compressor Station Labor & Expenses                            | 0           | 0          | 0          | 0         | 0         | 0       |
| 582  | 8740 Maint. & Services  | 3,853,350   | 2,360,492  | 867,707    | 72        | 404,870   | 448     |
| 583  | 8750 Measuring and Regulating Station Exp. - Gen                    | 393,338     | 212,972    | 118,806    | 0         | 62,425    | 0       |
| 584  | 8760 Measuring and Regulating Station Exp. - Ind.                   | 32,530      | 0          | 30,100     | 19        | 209       | 120     |
| 585  | 8770 Measuring and Regulating Sta. Exp. - City Gate                 | 114,988     | 62,103     | 34,653     | 0         | 18,239    | 0       |
| 586  | 8780 Meters and House Regulator Expense                             | 884,800     | 578,889    | 329,522    | 1,461     | 15,942    | 9,167   |
| 587  | 8790 Customer Indulgence Expense                                    | 859         | 619        | 75         | 0         | 0         | 0       |
| 588  | 8800 Other Expense  | 207,678     | 128,621    | 66,053     | 72        | 20,396    | 536     |
| 589  | 8810 Rents  | 404,867     | 250,622    | 113,117    | 141       | 39,743    | 1,044   |
| 590  | Maintenance   |             |            |            |           |           |         |
| 591  | 8850 Maintenance Supervision and Engineering                        | 2,200       | 1,382      | 815        | 1         | 219       | 6       |
| 592  | 8860 Maintenance of Structures and Improvements                     | 21,234      | 11,467     | 6,399      | 0         | 3,368     | 0       |
| 593  | 8870 Maintenance of Mains   | 42,838      | 22,972     | 12,810     | 0         | 9,147     | 0       |
| 594  | 8890 Maintenance of compressor station equipment                    | 0           | 0          | 0          | 0         | 0         | 0       |
| 595  | 8900 Maint. of Measuring and Regulating Station Equip. - General    | 6,135       | 3,313      | 1,849      | 0         | 973       | 0       |
| 596  | 8910 Maint. of Measuring and Regulating Station Equip. - Industrial | 9,233       | 0          | 5,628      | 6         | 62        | 36      |
| 597  | 8920 Maint. of Measuring and Regulating Station Equip. - City Gate  | 23,705      | 12,851     | 7,171      | 0         | 3,774     | 0       |
| 598  | 8930 Maintenance of Services  | 3,522       | 3,135      | 363        | 0         | 2         | 1       |
| 599  | 8940 Maintenance of Meters and House Regulators                     | 105,292     | 62,521     | 36,209     | 174       | 1,897     | 1,091   |
| 600  | 8950 Maintenance of Other Equipment                                 | 69,009      | 42,209     | 19,290     | 24        | 6,777     | 176     |
| 601  | Total Distribution  | 7,053,731   | 4,368,681  | 1,971,741  | 2,458     | 692,751   | 18,200  |
| 602  | Customer Accounts   |             |            |            |           |           |         |
| 604  | 9010 Supervision  | 0           | 0          | 0          | 0         | 0         | 0       |
| 605  | 9020 Meter Reading Expense  | 1,130,916   | 1,005,852  | 122,841    | 74        | 792       | 457     |
| 606  | 9030 Customer Records and Collection Expenses                       | 377,024     | 338,597    | 42,885     | 25        | 264       | 153     |
| 607  | 9040 Uncollectible Accounts   | 315,426     | 278,588    | 34,072     | 20        | 220       | 127     |
| 608  | 9050 Miscellaneous Customer Accounts Expenses                       | 0           | 0          | 0          | 0         | 0         | 0       |
| 609  | Total Customer Accounts   | 1,823,466   | 1,623,037  | 197,898    | 119       | 1,276     | 737     |
| 610  | Customer Service and Information                                    |             |            |            |           |           |         |
| 611  | 9070 Supervision  | 0           | 0          | 0          | 0         | 0         | 0       |
| 612  | 9080 Customer Assistance Expenses                                   | 0           | 0          | 0          | 0         | 0         | 0       |
| 614  | 9090 Informational and Instructional Advertising Expenses           | 122,978     | 106,465    | 13,369     | 8         | 86        | 50      |
| 615  | 9100 Miscellaneous Customer Service and Informational Expenses      | 178         | 159        | 19         | 0         | 0         | 0       |
| 616  | Total Customer Service and Information                              | 123,156     | 106,624    | 13,388     | 8         | 86        | 50      |
| 617  | Sales   |             |            |            |           |           |         |
| 618  | 9110 Supervision  | 252,261     | 224,543    | 27,423     | 16        | 177       | 102     |
| 619  | 9120 Demonstrating and Selling Expenses                             | 54,618      | 48,817     | 5,937      | 4         | 38        | 22      |
| 621  | 9130 Advertising Expenses   | 22,474      | 20,004     | 2,443      | 1         | 16        | 9       |
| 622  | 9160 Miscellaneous Sales Expenses                                   | 45,789      | 40,756     | 4,979      | 0         | 33        | 19      |
| 623  | Total Sales   | 375,142     | 334,120    | 39,782     | 21        | 164       | 111     |
| 624  | Administrative & General  |             |            |            |           |           |         |
| 625  | 9200 Operation  |             |            |            |           |           |         |
| 627  | 9200 Administrative and General Salaries                            | (1,387,175) | (935,936)  | (339,294)  | (403)     | (108,578) | (2,895) |
| 628  | 9210 Office Supplies and Expenses                                   | 6,848       | 4,821      | 1,676      | 2         | 636       | 16      |
| 629  | 9220 Administrative Expenses Transferred - Customer Support         | 0           | 0          | 0          | 0         | 0         | 0       |
| 630  | 9220 Administrative Expenses Transferred - General                  | 14,026,277  | 9,482,944  | 3,430,493  | 4,074     | 1,087,782 | 29,573  |
| 631  | 9220 Outside Services Employed                                      | 186,924     | 126,119    | 45,720     | 54        | 14,631    | 399     |
| 632  | 9240 Property Insurance   | 8,157       | 5,071      | 2,230      | 3         | 317       | 37      |
| 633  | 9250 Injuries and Damages   | 214,469     | 144,704    | 62,458     | 62        | 16,787    | 458     |
| 634  | 9290 Employee Pensions and Benefits                                 | 2,167,599   | 1,475,987  | 835,073    | 806       | 171,229   | 4,876   |
| 636  | 9270 Franchise Requirements   | 83          | 74         | 9          | 0         | 0         | 0       |
| 636  | 9300 Regulatory Commission Expenses                                 | 278,594     | 247,583    | 30,285     | 16        | 165       | 113     |
| 637  | 9301 General Advertising Expenses                                   | 0           | 0          | 0          | 0         | 0         | 0       |
| 638  | 9302 Miscellaneous General Expense                                  | (23,670)    | (15,970)   | (5,789)    | (7)       | (1,853)   | (61)    |
| 639  | 9310 Rents  | (10,300)    | (8,594)    | (2,533)    | (3)       | (810)     | (22)    |
| 640  | Maintenance   |             |            |            |           |           |         |
| 641  | 9320 Maintenance of General Plant                                   | 1,498       | 884        | 357        | 0         | 114       | 3       |
| 642  | Total A/C   | 15,488,214  | 10,508,995 | 3,750,684  | 4,457     | 1,190,881 | 32,536  |
| 643  |   |             |            |            |           |           |         |
| 644  | TOTAL O&M EXPENSE   | 104,852,765 | 64,454,195 | 37,200,401 | 1,103,635 | 2,001,695 | 65,529  |



Alamos Energy Corporation, Kentucky/Mid-States Division  
 Class Cost of Service - Demand-Only Study  
 Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF DEPRECIATION EXPENSE

| Customer |       |                                    | Allocation Factor         | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-------|------------------------------------|---------------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 1        |       | Intangible Plant:                  |                           |                  |               |                   |                    |                             |                |                         |
| 2        |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 3        | 30100 | Organization                       | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 4        | 30200 | Franchises & Consents              | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 5        | 30300 | Misc Intangible Plant              | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 6        |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 7        |       | Total Intangible Plant:            |                           |                  | 0             |                   |                    |                             |                |                         |
| 8        |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 9        |       | Production Plant:                  |                           |                  |               |                   |                    |                             |                |                         |
| 10       |       |                                    | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 11       | 32520 | Producing Leaseholds               | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 12       | 32540 | Rights of Ways                     | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 13       | 33100 | Production Gas Wells Equipment     | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 14       | 33201 | Field Lines                        | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 15       | 33202 | Tributary Lines                    | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 16       | 33400 | Field Meas. & Reg. Sta. Equip      | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 17       | 33500 | Purification Equipment             | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 18       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 19       |       | Total Production Plant:            |                           |                  | 0             |                   |                    |                             |                |                         |
| 20       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 21       |       | Storage Plant:                     |                           |                  |               |                   |                    |                             |                |                         |
| 22       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 23       | 35010 | Land                               | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 24       | 35020 | Rights of Way                      | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 25       | 35100 | Structures and Improvements        | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 26       | 35102 | Compression Station Equipment      | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 27       | 35103 | Meas. & Reg. Sta. Structures       | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 28       | 35104 | Other Structures                   | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 29       | 35200 | Wells Rights of Way                | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 30       | 35201 | Well Construction                  | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 31       | 35202 | Well Equipment                     | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 32       | 35203 | Cushion Gas                        | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 33       | 35210 | Leaseholds                         | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 34       | 35211 | Storage Rights                     | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 35       | 35301 | Field Lines                        | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 36       | 35302 | Tributary Lines                    | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 37       | 35400 | Compressor Station Equipment       | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 38       | 35500 | Meas & Reg. Equipment              | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 39       | 35500 | Purification Equipment             | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 40       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 41       |       | Total Storage Plant:               |                           |                  | 0             |                   |                    |                             |                |                         |
| 42       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 43       |       | Transmission:                      |                           |                  |               |                   |                    |                             |                |                         |
| 44       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 45       | 36510 | Land & Land Rights                 | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 46       | 36520 | Rights of Way                      | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 47       | 36602 | Structures & Improvements          | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 48       | 36603 | Other Structures                   | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 49       | 36700 | Mains Cathodic Protection          | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 50       | 36701 | Mains - Steel                      | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 51       | 36900 | Meas. & Reg. Equipment             | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 52       | 36901 | Meas. & Reg. Equipment             | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 53       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 54       |       | Total Transmission Plant:          |                           |                  | 0             |                   |                    |                             |                |                         |
| 55       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 56       |       | Distribution:                      |                           |                  |               |                   |                    |                             |                |                         |
| 57       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 58       | 37400 | Land & Land Rights                 | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 59       | 37401 | Land                               | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 60       | 37402 | Land Rights                        | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 61       | 37403 | Land Other                         | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 62       | 37500 | Structures & Improvements          | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 63       | 37501 | Structures & Improvements T.B.     | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 64       | 37502 | Land Rights                        | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 65       | 37503 | Improvements                       | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 66       | 37500 | Mains Cathodic Protection          | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 67       | 37601 | Mains - Steel                      | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 68       | 37602 | Mains - Plastic                    | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 69       | 37800 | Meas & Reg. Sta. Equip - General   | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 70       | 37900 | Meas & Reg. Sta. Equip - City Gate | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 71       | 37901 | Meas & Reg. Sta. Equipment T.B.    | 2.0 Bills                 |                  | 0             |                   |                    |                             |                |                         |
| 72       | 38000 | Services                           | 2.0 Bills                 |                  | 4,112,168     | 3,660,331         | 447,022            | 268                         | 2,883          | 1,684                   |
| 73       | 38100 | Meters                             | 4.0 Meter Investment      |                  | 2,897,270     | 1,731,384         | 1,076,894          | 4,785                       | 52,195         | 30,012                  |
| 74       | 38200 | Meter Installations                | 4.0 Meter Investment      |                  | 2,133,888     | 1,275,074         | 794,649            | 3,524                       | 38,439         | 22,102                  |
| 75       | 38300 | House Regulators                   | 4.0 Meter Investment      |                  | 264,822       | 158,255           | 98,615             | 437                         | 4,771          | 2,743                   |
| 76       | 38400 | House Reg. Installations           | 4.0 Meter Investment      |                  | 3,625         | 2,167             | 1,350              | 6                           | 65             | 38                      |
| 77       | 38500 | Ind. Meas. & Reg. Sta. Equipment   | 2.2 Non-Residential Bills |                  | 147,374       |                   | 145,804            | 87                          | 940            | 543                     |
| 78       | 38600 | Other Prop. On Cust. Prem          | 99.0                      |                  | 0             |                   |                    |                             |                |                         |
| 79       |       |                                    |                           |                  |               |                   |                    |                             |                |                         |
| 80       |       | Total Distribution Plant:          |                           |                  | 9,558,948     | 6,827,211         | 2,566,234          | 9,106                       | 89,294         | 57,102                  |

| Almoes Energy Corporation, Kentucky/Mid-States Division  |  |      |                              |            |           |           |                      |
|--|--|------|------------------------------|------------|-----------|-----------|----------------------|
| Class Cost of Service - Demand-Only Study                |  |      |                              |            |           |           |                      |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |      |                              |            |           |           |                      |
| ALLOCATION OF DEPRECIATION EXPENSE                       |  |      |                              |            |           |           |                      |
| 81   |  |      |                              |            |           |           |                      |
| 82   | General:   |      |                              |            |           |           |                      |
| 83   |  |      |                              |            |           |           |                      |
| 84   | 39000 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 85   | 39000 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 64,592     | 62,679    | 20,734    | 65 707 407           |
| 86   | 39001 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 87   | 39002 Improvements                                 | 6.2  | P, S, T & D Plant - Customer | 2,788      | 2,066     | 683       | 2 23 13              |
| 88   | 39003 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 11,422     | 8,463     | 2,800     | 0 96 55              |
| 89   | 39004 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 120        | 89        | 29        | 0 1 1                |
| 90   | 39009 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 99,676     | 74,004    | 24,480    | 77 835 480           |
| 91   | 39100 Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 55,710     | 41,278    | 13,655    | 43 469 258           |
| 92   | 39102 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 93   | 39103 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 94   | 39200 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 10,231     | 7,580     | 2,508     | 8 86 49              |
| 95   | 39201 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 615        | 456       | 151       | 0 5 3                |
| 96   | 39202 Storage Equipment                            | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 97   | 39300 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 98   | 39400 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 31,161     | 23,069    | 7,696     | 24 251 150           |
| 99   | 39600 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 100  | 39603 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 79         | 59        | 19        | 0 1 0                |
| 101  | 39604 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 105        | 78        | 28        | 0 1 1                |
| 102  | 39605 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 2,772      | 2,054     | 679       | 2 23 13              |
| 103  | 39700 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 11,554     | 8,561     | 2,832     | 9 97 56              |
| 104  | 39701 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 105  | 39702 Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 106  | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 107  | 39800 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 92,147     | 68,277    | 22,586    | 71 770 443           |
| 108  | 39900 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 109  | 39901 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 110  | 39902 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 111  | 39903 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 4,057      | 3,006     | 994       | 3 34 20              |
| 112  | 39904 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 113  | 39905 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 114  | 39906 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 142,251    | 105,401   | 34,857    | 109 1,169 684        |
| 115  | 39907 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 116  | 39908 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 117  | 39909 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 261,144    | 193,496   | 64,009    | 200 2,183 1,256      |
| 118  |  |      |                              |            |           |           |                      |
| 119  | Total General Plant                                |      |                              | 810,624    | 600,636   | 198,690   | 622 6,778 3,698      |
| 120  |  |      |                              |            |           |           |                      |
| 121  | TOTAL DIRECT DEPRECIATION EXPENSE                  |      |                              | 10,969,572 | 7,427,847 | 2,764,925 | 6,726 106,072 61,001 |
| 122  |  |      |                              |            |           |           |                      |
| 123  | Kentucky Mid-States General Office:                |      |                              |            |           |           |                      |
| 124  | Intangible Plant:                                  |      |                              |            |           |           |                      |
| 125  |  |      |                              |            |           |           |                      |
| 126  | 30100 Organization                                 | 99.0 |                              | 0          |           |           |                      |
| 127  | 30200 Franchisees & Consents                       | 99.0 |                              | 0          |           |           |                      |
| 128  | 30300 Misc Intangible Plant                        | 99.0 |                              | 0          |           |           |                      |
| 129  |  |      |                              |            |           |           |                      |
| 130  |  |      |                              |            |           |           |                      |
| 131  | Total Intangible Plant                             |      |                              | 0          |           |           |                      |
| 132  |  |      |                              |            |           |           |                      |
| 133  | General:   |      |                              |            |           |           |                      |
| 134  |  |      |                              |            |           |           |                      |
| 135  | 37400 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 136  | 39001 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 1,011      | 749       | 248       | 1 8 5                |
| 137  | 39002 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 138  | 39003 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 139  | 39004 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 140  | 39009 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 1,611      | 1,193     | 395       | 1 13 8               |
| 141  | 39100 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 262        | 194       | 64        | 0 2 1                |
| 142  | 39102 Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 143  | 39103 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 144  | 39200 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 145  | 39201 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 146  | 39202 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 147  | 39300 Storage Equipment                            | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 148  | 39400 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 510        | 378       | 125       | 0 4 2                |
| 149  | 39600 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 2          | 1         | 0         | 0 0 0                |
| 150  | 39603 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 151  | 39604 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 152  | 39605 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 153  | 39700 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 1,114      | 826       | 273       | 1 9 5                |
| 154  | 39701 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 155  | 39702 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 156  | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 6,437      | 4,770     | 1,578     | 5 54 31              |
| 157  | 39800 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 158  | 39901 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 4,560      | 3,379     | 1,116     | 3 38 22              |
| 159  | 39902 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 160  | 39903 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 161  | 39904 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 162  | 39905 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 163  | 39906 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 164  | 39907 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 1,749      | 1,298     | 429       | 1 15 8               |
| 165  | 39908 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 166  | 39909 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 167  | 39924 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |                      |
| 168  |  |      |                              |            |           |           |                      |
| 169  |  |      |                              |            |           |           |                      |
| 170  |  |      |                              |            |           |           |                      |
| 171  | Total General Plant                                |      |                              | 17,256     | 12,786    | 4,229     | 13 144 83            |
| 172  |  |      |                              |            |           |           |                      |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                                       |  |     |                              |            |           |           |        |
|--|---------------------------------------|--|-----|------------------------------|------------|-----------|-----------|--------|
| Class Cost of Service - Demand-Only Study                |                                       |  |     |                              |            |           |           |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                       |  |     |                              |            |           |           |        |
| ALLOCATION OF DEPRECIATION EXPENSE                       |                                       |  |     |                              |            |           |           |        |
| 173  |                                       |  |     |                              |            |           |           |        |
| 174  | Shared Services General Office:       |  |     |                              |            |           |           |        |
| 175  |                                       |  |     |                              |            |           |           |        |
| 176  | General:                              |  |     |                              |            |           |           |        |
| 177  |                                       |  |     |                              |            |           |           |        |
| 178  | 37400                                 | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 179  | 39000                                 | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 3,411      | 2,527     | 699       |        |
| 180  | 39500                                 | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 181  | 37503                                 | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 182  | 39004                                 | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 183  | 39009                                 | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 7,091      | 5,247     | 1,736     |        |
| 184  | 39100                                 | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 10,040     | 7,439     | 2,461     |        |
| 185  | 39102                                 | Remittance Processing Equip.                 | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 188  | 38103                                 | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 187  | 39200                                 | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 16         | 12        | 4         |        |
| 188  | 39201                                 | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 189  | 39202                                 | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 190  | 39300                                 | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 191  | 39400                                 | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 3,081      | 2,283     | 755       |        |
| 192  | 39500                                 | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 53         | 40        | 13        |        |
| 193  | 39603                                 | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 194  | 39604                                 | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 195  | 39605                                 | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 196  | 39700                                 | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 3,369      | 2,489     | 823       |        |
| 197  | 39701                                 | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 198  | 39702                                 | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 199  | 39705                                 | Communication Equip. - Telemetering          | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 200  | 39800                                 | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 657        | 487       | 161       |        |
| 201  | 39900                                 | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 494        | 369       | 121       |        |
| 202  | 39901                                 | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 67,166     | 49,767    | 16,463    |        |
| 203  | 39902                                 | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 38,883     | 28,810    | 9,530     |        |
| 204  | 39903                                 | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 5,355      | 3,968     | 1,312     |        |
| 205  | 39904                                 | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 206  | 39905                                 | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 207  | 39906                                 | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 5,431      | 4,024     | 1,331     |        |
| 208  | 39907                                 | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 1,025      | 759       | 251       |        |
| 209  | 39908                                 | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 180,550    | 133,779   | 44,254    |        |
| 210  | 39909                                 | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 211  | 39924                                 | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 212  |                                       |  |     |                              |            |           |           |        |
| 213  |                                       |  |     |                              |            |           |           |        |
| 214  | Total General Plant                   |  |     |                              | 326,602    | 241,997   | 80,053    | 251    |
| 215  |                                       |  |     |                              |            |           |           |        |
| 216  | Shared Services Customer Support:     |  |     |                              |            |           |           |        |
| 217  |                                       |  |     |                              |            |           |           |        |
| 218  | General:                              |  |     |                              |            |           |           |        |
| 219  |                                       |  |     |                              |            |           |           |        |
| 220  | 37400                                 | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 221  | 39001                                 | Structures Frame                             | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 222  | 39002                                 | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 10,801     | 8,003     | 2,647     |        |
| 223  | 37503                                 | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 224  | 39004                                 | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 225  | 39009                                 | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 3,418      | 2,533     | 838       |        |
| 226  | 39100                                 | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 2,226      | 1,649     | 548       |        |
| 227  | 39102                                 | Remittance Processing Equip                  | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 228  | 38103                                 | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 229  | 39200                                 | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 230  | 39201                                 | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 231  | 39202                                 | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 232  | 39300                                 | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 233  | 39400                                 | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 234  | 39500                                 | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 235  | 39603                                 | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 236  | 39604                                 | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 237  | 39605                                 | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 238  | 39700                                 | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 2,883      | 2,136     | 707       |        |
| 239  | 39701                                 | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 240  | 39702                                 | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 241  | 39705                                 | Communication Equip. - Telemetering          | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 242  | 39800                                 | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 80         | 59        | 20        |        |
| 243  | 39900                                 | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 2,086      | 1,531     | 506       |        |
| 244  | 39901                                 | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 19,056     | 14,119    | 4,671     |        |
| 245  | 39902                                 | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 4,014      | 2,974     | 984       |        |
| 246  | 39903                                 | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 1,085      | 804       | 266       |        |
| 247  | 39904                                 | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 248  | 39905                                 | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 249  | 39906                                 | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 2,699      | 2,000     | 692       |        |
| 250  | 39907                                 | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 334        | 248       | 82        |        |
| 251  | 39908                                 | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 179,858    | 133,267   | 44,085    |        |
| 252  | 39909                                 | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 253  | 39924                                 | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0          | -         | -         |        |
| 254  |                                       |  |     |                              |            |           |           |        |
| 255  |                                       |  |     |                              |            |           |           |        |
| 256  | Total General Plant                   |  |     |                              | 228,520    | 169,323   | 56,012    | 175    |
| 257  |                                       |  |     |                              |            |           |           |        |
| 258  | TOTAL DEPRECIATION EXPENSE - CUSTOMER |  |     |                              | 10,841,848 | 7,851,953 | 2,905,219 | 10,167 |
| 259  |                                       |  |     |                              |            |           |           |        |

| Abnos Energy Corporation, Kentucky/Mid-States Division   |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
|--|----------|------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Demand   |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct No. | Description                        | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 259  |          | Intangible Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 261  | 30100    | Organization                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 262  | 30200    | Franchises & Consents              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 263  | 30300    | Misc Intangible Plant              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 264  |          | Total Intangible Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 266  |          | Production Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 269  | 32520    | Producing Leaseholds               | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 270  | 32540    | Rights of Ways                     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 271  | 33100    | Production Gas Wells Equipment     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 272  | 33201    | Field Lines                        | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 273  | 33202    | Tributary Lines                    | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 274  | 33400    | Field Meas. & Reg. Sta. Equip      | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 275  | 33500    | Purification Equipment             | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 276  |          | Total Production Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 278  |          | Storage Plant                      |                   |                  |               |                   |                    |                             |                |                         |
| 281  | 35010    | Land                               | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 282  | 35020    | Rights of Way                      | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 283  | 35100    | Structures and Improvements        | 3.0               | Peak Day         | 150           | 81                | 45                 |                             | 24             |                         |
| 284  | 35102    | Compression Station Equipment      | 3.0               | Peak Day         | 966           | 521               | 291                |                             | 153            |                         |
| 285  | 35103    | Meas. & Reg. Sta. Structures       | 3.0               | Peak Day         | 108           | 57                | 32                 |                             | 17             |                         |
| 286  | 35104    | Other Structures                   | 3.0               | Peak Day         | 893           | 482               | 269                |                             | 142            |                         |
| 287  | 35200    | Wells \ Rights of Way              | 3.0               | Peak Day         | 88,389        | 47,734            | 26,636             |                             | 14,019         |                         |
| 288  | 35201    | Well Construction                  | 3.0               | Peak Day         | 12,635        | 6,932             | 3,868              |                             | 2,038          |                         |
| 289  | 35202    | Well Equipment                     | 3.0               | Peak Day         | 1,934         | 1,044             | 563                |                             | 307            |                         |
| 290  | 35203    | Cushion Gas                        | 3.0               | Peak Day         | 16,263        | 8,238             | 4,567              |                             | 2,419          |                         |
| 291  | 35210    | Leaseholds                         | 3.0               | Peak Day         | 312           | 169               | 94                 |                             | 50             |                         |
| 292  | 35211    | Storage Rights                     | 3.0               | Peak Day         | 240           | 130               | 72                 |                             | 38             |                         |
| 293  | 35301    | Field Lines                        | 3.0               | Peak Day         | 723           | 390               | 219                |                             | 115            |                         |
| 294  | 35302    | Tributary Lines                    | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 295  | 35400    | Compressor Station Equipment       | 3.0               | Peak Day         | 8,311         | 4,488             | 2,504              |                             | 1,316          |                         |
| 296  | 35500    | Meas & Reg. Equipment              | 3.0               | Peak Day         | 614           | 332               | 185                |                             | 97             |                         |
| 297  | 35600    | Purification Equipment             | 3.0               | Peak Day         | 4,250         | 2,295             | 1,291              |                             | 674            |                         |
| 298  |          | Total Storage Plant                |                   |                  | 134,977       | 72,894            | 40,675             |                             | 21,408         |                         |
| 300  |          | Transmission                       |                   |                  |               |                   |                    |                             |                |                         |
| 303  | 36510    | Land & Land Rights                 | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 304  | 36520    | Rights of Way                      | 3.0               | Peak Day         | 11,541        | 6,233             | 3,476              |                             | 1,831          |                         |
| 305  | 36602    | Structures & Improvements          | 3.0               | Peak Day         | 672           | 471               | 263                |                             | 138            |                         |
| 306  | 36603    | Other Structures                   | 3.0               | Peak Day         | 1,083         | 585               | 326                |                             | 172            |                         |
| 307  | 36700    | Mains Cathodic Protection          | 3.0               | Peak Day         | 9,275         | 5,069             | 2,795              |                             | 1,471          |                         |
| 308  | 36701    | Mains - Steel                      | 3.0               | Peak Day         | 624,702       | 283,365           | 158,117            |                             | 83,220         |                         |
| 309  | 36900    | Meas. & Reg. Equipment             | 3.0               | Peak Day         | 13,181        | 7,109             | 3,966              |                             | 2,087          |                         |
| 310  | 36901    | Meas. & Reg. Equipment             | 3.0               | Peak Day         | 48,576        | 26,233            | 14,638             |                             | 7,704          |                         |
| 311  |          | Total Transmission Plant           |                   |                  | 609,211       | 329,004           | 183,683            |                             | 96,624         |                         |
| 314  |          | Distribution                       |                   |                  |               |                   |                    |                             |                |                         |
| 316  | 37400    | Land & Land Rights                 | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 317  | 37401    | Land                               | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 318  | 37402    | Land Rights                        | 3.0               | Peak Day         | 22,037        | 11,801            | 6,541              |                             | 3,496          |                         |
| 319  | 37403    | Land Other                         | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 320  | 37500    | Structures & Improvements          | 3.0               | Peak Day         | 6,926         | 3,740             | 2,087              |                             | 1,088          |                         |
| 321  | 37501    | Structures & Improvements T.B.     | 3.0               | Peak Day         | 2,058         | 1,110             | 620                |                             | 326            |                         |
| 322  | 37502    | Land Rights                        | 3.0               | Peak Day         | 953           | 515               | 287                |                             | 151            |                         |
| 323  | 37503    | Improvements                       | 3.0               | Peak Day         | 83            | 45                | 25                 |                             | 13             |                         |
| 324  | 37600    | Mains Cathodic Protection          | 3.0               | Peak Day         | 959,518       | 539,769           | 301,200            |                             | 158,529        |                         |
| 325  | 37601    | Mains - Steel                      | 3.0               | Peak Day         | 2,355,111     | 1,271,876         | 709,702            |                             | 373,532        |                         |
| 326  | 37602    | Mains - Plastic                    | 3.0               | Peak Day         | 2,044,395     | 1,104,074         | 616,070            |                             | 324,251        |                         |
| 327  | 37600    | Meas & Reg. Sta. Equip - General   | 3.0               | Peak Day         | 216,376       | 116,854           | 65,204             |                             | 34,318         |                         |
| 328  | 37900    | Meas & Reg. Sta. Equip - City Gate | 3.0               | Peak Day         | 90,396        | 48,813            | 27,237             |                             | 14,336         |                         |
| 329  | 37905    | Meas & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day         | 39,683        | 21,529            | 12,013             |                             | 6,323          |                         |
| 330  | 38000    | Services                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 331  | 38100    | Meters                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 332  | 38200    | Meter Installations                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 333  | 38300    | House Regulators                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 334  | 38400    | House Reg. Installations           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 335  | 38500    | Ind. Meas. & Reg. Sta. Equipment   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 336  | 38600    | Other Prop. On Cust. Prem          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 337  |          | Total Distribution Plant           |                   |                  | 5,777,703     | 3,120,245         | 1,741,086          |                             | 916,373        |                         |



| Amros Energy Corporation, Kentucky/Mid-States Division   |                                   |  |     |                            |           |           |           |   |           |
|--|-----------------------------------|--|-----|----------------------------|-----------|-----------|-----------|---|-----------|
| Class Cost of Service - Demand-Only Study                |                                   |  |     |                            |           |           |           |   |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                   |  |     |                            |           |           |           |   |           |
| ALLOCATION OF DEPRECIATION EXPENSE                       |                                   |  |     |                            |           |           |           |   |           |
| 431  |                                   |  |     |                            |           |           |           |   |           |
| 432  | Shared Services General Office:   |  |     |                            |           |           |           |   |           |
| 433  | General:                          |  |     |                            |           |           |           |   |           |
| 434  | General:                          |  |     |                            |           |           |           |   |           |
| 435  |                                   |  |     |                            |           |           |           |   |           |
| 436  | 37400                             | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 437  | 38000                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 4,430     | 2,392     | 1,335     |   | 703       |
| 438  | 36502                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 439  | 37503                             | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 440  | 30004                             | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 441  | 38009                             | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 9,196     | 4,966     | 2,771     |   | 1,459     |
| 442  | 39100                             | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 13,038    | 7,041     | 3,929     |   | 2,068     |
| 443  | 39102                             | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 444  | 36103                             | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 445  | 38200                             | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 21        | 11        | 9         |   | 3         |
| 446  | 38201                             | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 447  | 38202                             | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 448  | 38300                             | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 449  | 38400                             | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 4,001     | 2,161     | 1,206     |   | 635       |
| 450  | 38600                             | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 89        | 38        | 21        |   | 11        |
| 451  | 38603                             | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 452  | 38604                             | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 453  | 38905                             | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 454  | 38700                             | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 4,362     | 2,356     | 1,314     |   | 692       |
| 455  | 38701                             | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 456  | 38702                             | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 457  | 38705                             | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 458  | 38800                             | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 853       | 461       | 257       |   | 135       |
| 459  | 39000                             | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 642       | 347       | 193       |   | 102       |
| 460  | 39001                             | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 87,221    | 47,104    | 26,284    |   | 13,834    |
| 461  | 39002                             | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 50,493    | 27,269    | 15,216    |   | 8,008     |
| 462  | 39003                             | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 6,953     | 3,755     | 2,095     |   | 1,103     |
| 463  | 39004                             | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 464  | 39005                             | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 465  | 39006                             | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 7,053     | 3,809     | 2,125     |   | 1,119     |
| 466  | 39007                             | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 1,330     | 719       | 401       |   | 211       |
| 467  | 39008                             | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 234,461   | 126,621   | 70,654    |   | 37,187    |
| 468  | 39009                             | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 469  | 39024                             | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 470  |                                   |  |     |                            |           |           |           |   |           |
| 471  |                                   |  |     |                            |           |           |           |   |           |
| 472  |                                   | Total General Plant                          |     |                            | 424,124   | 228,048   | 127,836   |   | 67,268    |
| 473  |                                   |  |     |                            |           |           |           |   |           |
| 474  | Shared Services Customer Support: |  |     |                            |           |           |           |   |           |
| 475  | General:                          |  |     |                            |           |           |           |   |           |
| 476  | General:                          |  |     |                            |           |           |           |   |           |
| 477  |                                   |  |     |                            |           |           |           |   |           |
| 478  | 37400                             | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 479  | 38001                             | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 480  | 36502                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 14,027    | 7,575     | 4,227     |   | 2,225     |
| 481  | 37503                             | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 482  | 38004                             | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 483  | 38009                             | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 4,439     | 2,397     | 1,338     |   | 704       |
| 484  | 38100                             | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 2,890     | 1,581     | 871       |   | 458       |
| 485  | 39102                             | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 486  | 39103                             | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 487  | 38200                             | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 488  | 38201                             | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 489  | 38202                             | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 490  | 38300                             | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 491  | 38400                             | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 492  | 38600                             | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 493  | 38603                             | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 494  | 38604                             | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 495  | 38905                             | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 496  | 38700                             | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 3,744     | 2,022     | 1,126     |   | 584       |
| 497  | 38701                             | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 498  | 38702                             | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 499  | 38705                             | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 500  | 38800                             | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 103       | 56        | 31        |   | 16        |
| 501  | 39000                             | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 2,683     | 1,449     | 809       |   | 426       |
| 502  | 39001                             | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 24,746    | 13,364    | 7,457     |   | 3,825     |
| 503  | 39002                             | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 5,212     | 2,815     | 1,571     |   | 827       |
| 504  | 39003                             | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 1,408     | 761       | 425       |   | 223       |
| 505  | 39004                             | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 506  | 39005                             | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 507  | 39006                             | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 3,505     | 1,893     | 1,056     |   | 556       |
| 508  | 39007                             | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 434       | 234       | 131       |   | 69        |
| 509  | 39008                             | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 233,563   | 126,135   | 70,383    |   | 37,044    |
| 510  | 39009                             | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 511  | 39024                             | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |   |           |
| 512  |                                   |  |     |                            |           |           |           |   |           |
| 513  |                                   |  |     |                            |           |           |           |   |           |
| 514  |                                   | Total General Plant                          |     |                            | 286,755   | 160,262   | 89,426    |   | 47,067    |
| 515  |                                   |  |     |                            |           |           |           |   |           |
| 516  |                                   | TOTAL DEPRECIATION EXPENSE - DEMAND          |     |                            | 8,317,850 | 4,492,048 | 2,506,546 | 0 | 1,318,252 |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Coal of Service - Demand-Only Study                |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period, Twelve Months Ended May 31, 2017 |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Commodity  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                     | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 517  |           | Intangible Plant                    |                   |                  |               |                   |                    |                             |                |                         |
| 518  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 519  | 30100     | Organization                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 520  | 30200     | Franchises & Consents               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 521  | 30300     | Misc Intangible Plant               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 522  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 523  |           | Total Intangible Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 524  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 525  |           | Production Plant                    |                   |                  |               |                   |                    |                             |                |                         |
| 526  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 527  | 32520     | Producing Leaseholds                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 528  | 32540     | Rights of Ways                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 529  | 33100     | Production Gas Wells Equipment      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 530  | 33201     | Field Lines                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 531  | 33202     | Tributary Lines                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 532  | 33400     | Field Meas. & Reg. Sta. Equip       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 533  | 33600     | Purification Equipment              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 534  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 535  |           | Total Production Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 536  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 537  |           | Storage Plant                       |                   |                  |               |                   |                    |                             |                |                         |
| 538  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 539  | 35010     | Land                                | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 540  | 35020     | Rights of Way                       | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 541  | 35100     | Structures and Improvements         | 1.5               | Winter Volumes   | 150           | 59                | 35                 | 1                           | 28             | 27                      |
| 542  | 35102     | Compression Station Equipment       | 1.5               | Winter Volumes   | 968           | 378               | 228                | 7                           | 178            | 174                     |
| 543  | 35103     | Meas. & Reg. Sta. Structures        | 1.5               | Winter Volumes   | 106           | 42                | 25                 | 1                           | 23             | 15                      |
| 544  | 35104     | Other Structures                    | 1.5               | Winter Volumes   | 893           | 350               | 211                | 7                           | 165            | 101                     |
| 545  | 35200     | Wells & Rights of Way               | 1.5               | Winter Volumes   | 88,989        | 34,606            | 20,863             | 657                         | 16,308         | 15,958                  |
| 546  | 35201     | Well Construction                   | 1.5               | Winter Volumes   | 12,835        | 5,025             | 3,030              | 95                          | 2,368          | 2,317                   |
| 547  | 35202     | Well Equipment                      | 1.5               | Winter Volumes   | 1,934         | 757               | 456                | 14                          | 357            | 349                     |
| 548  | 35203     | Cushion Gas                         | 1.5               | Winter Volumes   | 15,253        | 5,972             | 3,600              | 119                         | 2,614          | 2,754                   |
| 549  | 35210     | Leaseholds                          | 1.5               | Winter Volumes   | 312           | 122               | 74                 | 2                           | 59             | 56                      |
| 550  | 35211     | Storage Rights                      | 1.5               | Winter Volumes   | 240           | 94                | 57                 | 2                           | 44             | 43                      |
| 551  | 35301     | Field Lines                         | 1.5               | Winter Volumes   | 723           | 283               | 171                | 5                           | 153            | 131                     |
| 552  | 35302     | Tributary Lines                     | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 553  | 35400     | Compressor Station Equipment        | 1.5               | Winter Volumes   | 8,311         | 3,254             | 1,962              | 62                          | 1,633          | 1,600                   |
| 554  | 35500     | Meas. & Reg. Equipment              | 1.5               | Winter Volumes   | 614           | 240               | 145                | 5                           | 113            | 111                     |
| 555  | 35600     | Purification Equipment              | 1.5               | Winter Volumes   | 4,250         | 1,684             | 1,003              | 32                          | 784            | 767                     |
| 556  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 557  |           | Total Storage Plant                 |                   |                  | 134,977       | 52,846            | 31,880             | 1,003                       | 24,901         | 24,367                  |
| 558  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 559  |           | Transmission                        |                   |                  |               |                   |                    |                             |                |                         |
| 560  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 561  | 36510     | Land & Land Rights                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 562  | 36520     | Rights of Way                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 563  | 36602     | Structures & Improvements           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 564  | 36603     | Other Structures                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 565  | 36700     | Mains Cathodic Protection           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 566  | 36701     | Mains - Steel                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 567  | 36900     | Meas. & Reg. Equipment              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 568  | 36901     | Meas. & Reg. Equipment              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 569  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 570  |           | Total Transmission Plant            |                   |                  | 0             |                   |                    |                             |                |                         |
| 571  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 572  |           | Distribution                        |                   |                  |               |                   |                    |                             |                |                         |
| 573  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 574  | 37400     | Land & Land Rights                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 575  | 37401     | Land                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 576  | 37402     | Land Rights                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 577  | 37403     | Land Other                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 578  | 37500     | Structures & Improvements           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 579  | 37501     | Structures & Improvements T.B.      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 580  | 37502     | Land Rights                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 581  | 37503     | Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 582  | 37600     | Mains Cathodic Protection           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 583  | 37601     | Mains - Steel                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 584  | 37602     | Mains - Plastic                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 585  | 37800     | Meas. & Reg. Sta. Equip - General   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 586  | 37900     | Meas. & Reg. Sta. Equip - City Gate | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 587  | 37905     | Meas. & Reg. Sta. Equipment T.B.    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 588  | 38000     | Services                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 589  | 38100     | Meters                              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 590  | 38200     | Meter Installations                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 591  | 38300     | House Regulators                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 592  | 38400     | House Reg. Installations            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 593  | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 594  | 38600     | Other Prop. On Cust. Prem           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 595  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 596  |           | Total Distribution Plant            |                   |                  | 0             |                   |                    |                             |                |                         |





Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand-Only Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

| ALLOCATION OF DEPRECIATION EXPENSE |  |     |                               |         |        |        |       |        |        |  |  |
|------------------------------------|--|-----|-------------------------------|---------|--------|--------|-------|--------|--------|--|--|
| 691                                |  |     |                               |         |        |        |       |        |        |  |  |
| 692                                | General:   |     |                               |         |        |        |       |        |        |  |  |
| 693                                |  |     |                               |         |        |        |       |        |        |  |  |
| 694                                | 37400: Land & Land Rights                              | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 695                                | 39000: Structures & Improvements                       | 6.6 | P, S, T & D Plant - Commodity | 123     | 46     | 29     | 1     | 23     | 22     |  |  |
| 696                                | 39502: Structures & Improvements                       | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 697                                | 37503: Improvements                                    | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 698                                | 38004: Air Conditioning Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 699                                | 39009: Improvement to leased Premises                  | 6.6 | P, S, T & D Plant - Commodity | 254     | 100    | 60     | 2     | 47     | 48     |  |  |
| 700                                | 39100: Office Furniture & Equipment                    | 6.6 | P, S, T & D Plant - Commodity | 361     | 141    | 85     | 3     | 67     | 65     |  |  |
| 701                                | 39102: Remittance Processing Equip                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 702                                | 39103: Office Machines                                 | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 703                                | 39200: Transportation Equipment                        | 6.6 | P, S, T & D Plant - Commodity | 1       | 0      | 0      | 0     | 0      | 0      |  |  |
| 704                                | 39201: Trucks  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 705                                | 39202: Trailers  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 706                                | 39300: Stores Equipment                                | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 707                                | 39400: Tools, Shop & Garage Equipment                  | 6.6 | P, S, T & D Plant - Commodity | 111     | 43     | 26     | 1     | 20     | 20     |  |  |
| 708                                | 39600: Power Operated Equipment                        | 6.6 | P, S, T & D Plant - Commodity | 2       | 1      | 0      | 0     | 0      | 0      |  |  |
| 709                                | 39603: Ditchers  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 710                                | 39604: Backhoes  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 711                                | 39605: Welders   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 712                                | 39700: Communication Equipment                         | 6.6 | P, S, T & D Plant - Commodity | 121     | 47     | 28     | 1     | 22     | 22     |  |  |
| 713                                | 39701: Communication Equipment - Mobile Radios         | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 714                                | 39702: Communication Equipment - Fixed Radios          | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 715                                | 39705: Communication Equip. - Telemetry                | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 716                                | 39800: Miscellaneous Equipment                         | 6.6 | P, S, T & D Plant - Commodity | 24      | 9      | 6      | 0     | 4      | 4      |  |  |
| 717                                | 39900: Other Tangible Property                         | 6.6 | P, S, T & D Plant - Commodity | 18      | 7      | 4      | 0     | 3      | 3      |  |  |
| 718                                | 39901: Other Tangible Property - Servers - HW          | 6.6 | P, S, T & D Plant - Commodity | 2,413   | 945    | 570    | 18    | 445    | 438    |  |  |
| 719                                | 39902: Other Tangible Property - Servers - SW          | 6.6 | P, S, T & D Plant - Commodity | 1,397   | 547    | 330    | 10    | 259    | 252    |  |  |
| 720                                | 39903: Other Tangible Property - Network - HW          | 6.6 | P, S, T & D Plant - Commodity | 192     | 75     | 45     | 1     | 35     | 35     |  |  |
| 721                                | 39904: Other Tangible Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 722                                | 39905: Other Tangible Property - MF - Hardware         | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 723                                | 39906: Other Tangible Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 165     | 78     | 46     | 1     | 36     | 35     |  |  |
| 724                                | 39907: Other Tangible Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 37      | 14     | 9      | 0     | 7      | 7      |  |  |
| 725                                | 39908: Other Tangible Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 6,487   | 2,540  | 1,531  | 48    | 1,197  | 1,171  |  |  |
| 726                                | 39909: Other Tangible Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 727                                | 39924: Other Tangible Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 728                                |  |     |                               |         |        |        |       |        |        |  |  |
| 729                                |  |     |                               |         |        |        |       |        |        |  |  |
| 730                                | Total General Plant                                    |     |                               | 11,735  | 4,594  | 2,770  | 87    | 2,165  | 2,118  |  |  |
| 731                                |  |     |                               |         |        |        |       |        |        |  |  |
| 732                                | Shared Services Customer Support:                      |     |                               |         |        |        |       |        |        |  |  |
| 733                                |  |     |                               |         |        |        |       |        |        |  |  |
| 734                                | General:   |     |                               |         |        |        |       |        |        |  |  |
| 735                                |  |     |                               |         |        |        |       |        |        |  |  |
| 736                                | 37400: Land & Land Rights                              | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 737                                | 39001: Structures Frame                                | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 738                                | 39602: Structures & Improvements                       | 6.6 | P, S, T & D Plant - Commodity | 388     | 152    | 92     | 3     | 72     | 70     |  |  |
| 739                                | 37503: Improvements                                    | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 740                                | 39004: Air Conditioning Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 741                                | 39009: Improvement to leased Premises                  | 6.6 | P, S, T & D Plant - Commodity | 123     | 48     | 29     | 1     | 23     | 22     |  |  |
| 742                                | 39100: Office Furniture & Equipment                    | 6.6 | P, S, T & D Plant - Commodity | 90      | 31     | 19     | 1     | 15     | 14     |  |  |
| 743                                | 39102: Remittance Processing Equip                     | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 744                                | 39103: Office Machines                                 | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 745                                | 39200: Transportation Equipment                        | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 746                                | 39201: Trucks  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 747                                | 39202: Trailers  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 748                                | 39300: Stores Equipment                                | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 749                                | 39400: Tools, Shop & Garage Equipment                  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 750                                | 39600: Power Operated Equipment                        | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 751                                | 39603: Ditchers  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 752                                | 39604: Backhoes  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 753                                | 39605: Welders   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 754                                | 39700: Communication Equipment                         | 6.6 | P, S, T & D Plant - Commodity | 104     | 41     | 24     | 1     | 19     | 19     |  |  |
| 755                                | 39701: Communication Equipment - Mobile Radios         | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 756                                | 39702: Communication Equipment - Fixed Radios          | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 757                                | 39705: Communication Equip. - Telemetry                | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 758                                | 39800: Miscellaneous Equipment                         | 6.6 | P, S, T & D Plant - Commodity | 3       |        |        |       |        |        |  |  |
| 759                                | 39900: Other Tangible Property                         | 6.6 | P, S, T & D Plant - Commodity | 74      | 29     | 18     | 1     | 14     | 13     |  |  |
| 760                                | 39901: Other Tangible Property - Servers - HW          | 6.6 | P, S, T & D Plant - Commodity | 685     | 268    | 162    | 5     | 128    | 124    |  |  |
| 761                                | 39902: Other Tangible Property - Servers - SW          | 6.6 | P, S, T & D Plant - Commodity | 144     | 56     | 34     | 1     | 27     | 26     |  |  |
| 762                                | 39903: Other Tangible Property - Network - HW          | 6.6 | P, S, T & D Plant - Commodity | 38      | 15     | 9      | 0     | 7      | 7      |  |  |
| 763                                | 39904: Other Tangible Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 764                                | 39905: Other Tangible Property - MF - Hardware         | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 765                                | 39906: Other Tangible Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 97      | 38     | 23     | 1     | 18     | 18     |  |  |
| 766                                | 39907: Other Tangible Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 12      | 5      | 3      | 0     | 2      | 2      |  |  |
| 767                                | 39908: Other Tangible Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 6,462   | 2,530  | 1,526  | 49    | 1,192  | 1,167  |  |  |
| 768                                | 39909: Other Tangible Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 769                                | 39924: Other Tangible Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0       |        |        |       |        |        |  |  |
| 770                                |  |     |                               |         |        |        |       |        |        |  |  |
| 771                                |  |     |                               |         |        |        |       |        |        |  |  |
| 772                                | Total General Plant                                    |     |                               | 8,211   | 3,216  | 1,938  | 61    | 1,515  | 1,482  |  |  |
| 773                                |  |     |                               |         |        |        |       |        |        |  |  |
| 774                                | TOTAL DEPRECIATION EXPENSE - COMMODITY                 |     |                               | 184,687 | 72,301 | 43,589 | 1,372 | 34,068 | 33,397 |  |  |

| Almos Energy Corporation, Kentucky/Mid-States Division   |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
|--|----------|------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Total Depreciation Expense                               |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct No. |                                    | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 775  |          | Intangible Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 776  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 777  | 30100    | Organization                       |                   |                  | 0             |                   |                    |                             |                |                         |
| 778  | 30200    | Franchises & Consents              |                   |                  | 0             |                   |                    |                             |                |                         |
| 779  | 30300    | Misc Intangible Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 780  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 781  |          | Total Intangible Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 782  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 783  |          | Production Plant:                  |                   |                  |               |                   |                    |                             |                |                         |
| 784  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 785  | 32520    | Producing Leaseholds               |                   |                  | 0             |                   |                    |                             |                |                         |
| 786  | 32540    | Rights of Ways                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 787  | 33100    | Production Gas Wells Equipment     |                   |                  | 0             |                   |                    |                             |                |                         |
| 788  | 33201    | Field Lines                        |                   |                  | 0             |                   |                    |                             |                |                         |
| 789  | 33202    | Tributary Lines                    |                   |                  | 0             |                   |                    |                             |                |                         |
| 790  | 33400    | Field Meas. & Reg. Sta. Equip      |                   |                  | 0             |                   |                    |                             |                |                         |
| 791  | 33600    | Purification Equipment             |                   |                  | 0             |                   |                    |                             |                |                         |
| 792  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 793  |          | Total Production Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 794  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 795  |          | Storage Plant:                     |                   |                  |               |                   |                    |                             |                |                         |
| 796  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 797  | 35010    | Land                               |                   |                  | 0             |                   |                    |                             |                |                         |
| 798  | 35020    | Rights of Way                      |                   |                  | 0             |                   |                    |                             |                |                         |
| 799  | 35100    | Structures and Improvements        |                   |                  | 200           | 139               | 80                 | 1                           | 51             | 27                      |
| 800  | 35102    | Compression Station Equipment      |                   |                  | 1,931         | 898               | 519                | 7                           | 831            | 174                     |
| 801  | 35103    | Meas. & Reg. Sta. Structures       |                   |                  | 213           | 83                | 57                 | 1                           | 97             | 19                      |
| 802  | 35104    | Other Structures                   |                   |                  | 1,787         | 852               | 480                | 7                           | 307            | 181                     |
| 803  | 35200    | Wells & Rights of Way              |                   |                  | 176,778       | 82,340            | 47,499             | 657                         | 30,325         | 15,955                  |
| 804  | 35201    | Well Construction                  |                   |                  | 25,870        | 11,957            | 6,897              | 95                          | 4,404          | 2,917                   |
| 805  | 35202    | Well Equipment                     |                   |                  | 3,867         | 1,801             | 1,039              | 14                          | 663            | 349                     |
| 806  | 35203    | Cushion Gas                        |                   |                  | 30,507        | 14,210            | 8,197              | 113                         | 5,233          | 2,754                   |
| 807  | 35210    | Leaseholds                         |                   |                  | 625           | 291               | 168                | 2                           | 107            | 56                      |
| 808  | 35211    | Storage Rights                     |                   |                  | 481           | 224               | 129                | 2                           | 82             | 43                      |
| 809  | 35301    | Field Lines                        |                   |                  | 1,446         | 673               | 389                | 5                           | 248            | 131                     |
| 810  | 35302    | Tributary Lines                    |                   |                  | 0             |                   |                    |                             |                |                         |
| 811  | 35400    | Compressor Station Equipment       |                   |                  | 16,622        | 7,742             | 4,466              | 82                          | 2,851          | 1,600                   |
| 812  | 35500    | Meas & Reg. Equipment              |                   |                  | 1,229         | 572               | 330                | 5                           | 211            | 111                     |
| 813  | 35600    | Purification Equipment             |                   |                  | 9,501         | 3,959             | 2,264              | 32                          | 1,458          | 767                     |
| 814  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 815  |          | Total Storage Plant                |                   |                  | 289,954       | 126,740           | 72,535             | 1,003                       | 48,309         | 24,367                  |
| 816  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 817  |          | Transmission:                      |                   |                  |               |                   |                    |                             |                |                         |
| 818  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 819  | 36510    | Land & Land Rights                 |                   |                  | 0             |                   |                    |                             |                |                         |
| 820  | 36520    | Rights of Way                      |                   |                  | 11,541        | 6,233             | 3,478              | -                           | 1,831          | -                       |
| 821  | 36602    | Structures & Improvements          |                   |                  | 872           | 471               | 263                | -                           | 139            | -                       |
| 822  | 36603    | Other Structures                   |                   |                  | 1,083         | 585               | 326                | -                           | 172            | -                       |
| 823  | 36700    | Mains Cathodic Protection          |                   |                  | 9,275         | 5,009             | 2,795              | -                           | 1,471          | -                       |
| 824  | 36701    | Mains - Steel                      |                   |                  | 524,702       | 283,365           | 158,117            | -                           | 83,220         | -                       |
| 825  | 36900    | Meas. & Reg. Equipment             |                   |                  | 13,161        | 7,108             | 3,968              | -                           | 2,087          | -                       |
| 826  | 36901    | Meas. & Reg. Equipment             |                   |                  | 48,875        | 26,233            | 14,538             | -                           | 7,704          | -                       |
| 827  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 828  |          | Total Transmission Plant           |                   |                  | 609,211       | 328,004           | 183,563            | -                           | 96,624         | -                       |
| 829  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 830  |          | Distribution:                      |                   |                  |               |                   |                    |                             |                |                         |
| 831  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 832  | 37400    | Land & Land Rights                 |                   |                  | 0             |                   |                    |                             |                |                         |
| 833  | 37401    | Land                               |                   |                  | 0             |                   |                    |                             |                |                         |
| 834  | 37402    | Land Rights                        |                   |                  | 22,037        | 11,901            | 6,641              | -                           | 3,495          | -                       |
| 835  | 37403    | Land Other                         |                   |                  | 0             |                   |                    |                             |                |                         |
| 836  | 37500    | Structures & Improvements          |                   |                  | 6,925         | 3,740             | 2,687              | -                           | 1,099          | -                       |
| 837  | 37501    | Structures & Improvements T.B.     |                   |                  | 2,056         | 1,110             | 620                | -                           | 326            | -                       |
| 838  | 37502    | Land Rights                        |                   |                  | 953           | 516               | 297                | -                           | 151            | -                       |
| 839  | 37503    | Improvements                       |                   |                  | 83            | 45                | 25                 | -                           | 13             | -                       |
| 840  | 37600    | Mains Cathodic Protection          |                   |                  | 969,518       | 539,789           | 301,200            | -                           | 158,529        | -                       |
| 841  | 37601    | Mains - Steel                      |                   |                  | 2,355,111     | 1,271,879         | 709,702            | -                           | 373,532        | -                       |
| 842  | 37602    | Mains - Plastic                    |                   |                  | 2,044,385     | 1,104,074         | 616,070            | -                           | 324,251        | -                       |
| 843  | 37900    | Meas & Reg. Sta. Equip - General   |                   |                  | 218,378       | 118,854           | 65,204             | -                           | 34,318         | -                       |
| 844  | 37900    | Meas & Reg. Sta. Equip - City Gate |                   |                  | 90,386        | 48,913            | 27,237             | -                           | 14,336         | -                       |
| 845  | 37905    | Meas & Reg. Sta. Equipment T.B.    |                   |                  | 39,893        | 21,529            | 12,019             | -                           | 6,329          | -                       |
| 846  | 38000    | Services                           |                   |                  | 4,112,168     | 3,660,351         | 447,022            | 288                         | 2,883          | 1,664                   |
| 847  | 38100    | Meters                             |                   |                  | 2,897,270     | 1,731,384         | 1,078,894          | 4,785                       | 52,195         | 30,012                  |
| 848  | 38200    | Meter Installations                |                   |                  | 2,133,688     | 1,275,074         | 794,649            | 3,524                       | 38,439         | 22,102                  |
| 849  | 38300    | House Regulators                   |                   |                  | 264,822       | 158,255           | 98,615             | 437                         | 4,771          | 2,743                   |
| 850  | 38400    | House Reg. Installations           |                   |                  | 3,625         | 2,167             | 1,350              | 6                           | 65             | 38                      |
| 851  | 38500    | Ind. Meas. & Reg. Sta. Equipment   |                   |                  | 147,374       | -                 | 145,804            | 87                          | 940            | 543                     |
| 852  | 38600    | Other Prop. On Cust. Prem          |                   |                  | 0             |                   |                    |                             |                |                         |
| 853  |          |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 854  |          | Total Distribution Plant           |                   |                  | 15,338,651    | 9,947,455         | 4,307,320          | 9,106                       | 1,015,666      | 57,102                  |

| Abnos Energy Corporation, Kentucky/Mid-States Division   |          |  |            |            |           |        |           |        |  |
|--|----------|--|------------|------------|-----------|--------|-----------|--------|--|
| Class Cost of Service - Demand-Only Study                |          |  |            |            |           |        |           |        |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |            |            |           |        |           |        |  |
| ALLOCATION OF DEPRECIATION EXPENSE                       |          |  |            |            |           |        |           |        |  |
| 855  |          |  |            |            |           |        |           |        |  |
| 856  | General: |  |            |            |           |        |           |        |  |
| 857  |          |  |            |            |           |        |           |        |  |
| 858  | 39000:   | Land & Land Rights                           | 0          |            |           |        |           |        |  |
| 859  | 39000:   | Structures Frame                             | 197,482    | 123,194    | 54,555    | 87     | 18,691    | 955    |  |
| 860  | 39001:   | Structures & Improvements                    | 0          |            |           |        |           |        |  |
| 861  | 39002:   | Improvements                                 | 6,508      | 4,061      | 1,798     | 3      | 616       | 31     |  |
| 862  | 39003:   | Air Conditioning Equipment                   | 26,666     | 16,635     | 7,386     | 12     | 2,524     | 129    |  |
| 863  | 39004:   | Improvement to leased Premises               | 281        | 175        | 78        | 0      | 27        | 1      |  |
| 864  | 39009:   | Office Furniture & Equipment                 | 233,163    | 145,462    | 64,411    | 103    | 22,066    | 1,128  |  |
| 865  | 39100:   | Remittance Processing Equip                  | 130,055    | 81,131     | 35,828    | 58     | 12,309    | 629    |  |
| 866  | 39102:   | Office Machines                              | 0          |            |           |        |           |        |  |
| 867  | 39103:   | Transportation Equipment                     | 0          |            |           |        |           |        |  |
| 868  | 39200:   | Trucks                                       | 23,884     | 14,896     | 6,596     | 11     | 2,281     | 116    |  |
| 869  | 39201:   | Trailers                                     | 1,498      | 899        | 397       | 1      | 136       | 7      |  |
| 870  | 39202:   | Stores Equipment                             | 0          |            |           |        |           |        |  |
| 871  | 39300:   | Tools, Shop & Garage Equipment               | 0          |            |           |        |           |        |  |
| 872  | 39400:   | Power Operated Equipment                     | 72,746     | 45,381     | 20,096    | 32     | 6,885     | 352    |  |
| 873  | 39600:   | Ditchers                                     | 0          |            |           |        |           |        |  |
| 874  | 39603:   | Backhoes                                     | 184        | 115        | 61        | 0      | 17        | 1      |  |
| 875  | 39604:   | Welders                                      | 244        | 152        | 69        | 0      | 23        | 1      |  |
| 876  | 39905:   | Communication Equipment                      | 6,471      | 4,037      | 1,788     | 3      | 612       | 31     |  |
| 877  | 39700:   | Communication Equipment - Mobile Radios      | 26,973     | 16,926     | 7,451     | 12     | 2,593     | 131    |  |
| 878  | 39701:   | Communication Equipment - Fixed Radios       | 0          |            |           |        |           |        |  |
| 879  | 39702:   | Communication Equip - Telemetering           | 0          |            |           |        |           |        |  |
| 880  | 39705:   | Miscellaneous Equipment                      | 0          |            |           |        |           |        |  |
| 881  | 39900:   | Other Tangible Property                      | 215,121    | 134,197    | 59,427    | 95     | 20,360    | 1,041  |  |
| 882  | 39900:   | Other Tangible Property - Servers - HW       | 0          |            |           |        |           |        |  |
| 883  | 39901:   | Other Tangible Property - Servers - SW       | 0          |            |           |        |           |        |  |
| 884  | 39902:   | Other Tangible Property - Network - HW       | 0          |            |           |        |           |        |  |
| 885  | 39903:   | Other Tang. Property - CPU                   | 9,471      | 5,908      | 2,616     | 4      | 896       | 46     |  |
| 886  | 39904:   | Other Tangible Property - MF - Hardware      | 0          |            |           |        |           |        |  |
| 887  | 39905:   | Other Tang. Property - PC Hardware           | 0          |            |           |        |           |        |  |
| 888  | 39906:   | Other Tang. Property - PC Software           | 332,088    | 207,164    | 91,740    | 147    | 31,431    | 1,607  |  |
| 889  | 39907:   | Other Tang. Property - Mainframe SW          | 0          |            |           |        |           |        |  |
| 890  | 39908:   | Other Tang. Property - Application Software  | 0          |            |           |        |           |        |  |
| 891  | 39909:   | Other Tang. Property - General Startup Costs | 609,648    | 380,312    | 168,416   | 270    | 57,701    | 2,950  |  |
| 892  |          |  |            |            |           |        |           |        |  |
| 893  |          |  |            |            |           |        |           |        |  |
| 894  |          | Total General Plant                          | 1,892,422  | 1,180,534  | 522,789   | 839    | 179,110   | 9,156  |  |
| 895  |          |  |            |            |           |        |           |        |  |
| 896  |          | TOTAL DIRECT DEPRECIATION EXPENSE            | 18,108,237 | 11,592,734 | 5,086,221 | 10,947 | 1,337,709 | 90,625 |  |
| 897  |          |  |            |            |           |        |           |        |  |
| 898  |          | Kentucky Mid-States General Office:          |            |            |           |        |           |        |  |
| 899  |          |  |            |            |           |        |           |        |  |
| 900  |          | Intangible Plant:                            |            |            |           |        |           |        |  |
| 901  |          |  |            |            |           |        |           |        |  |
| 902  | 30100:   | Organization                                 | 0          |            |           |        |           |        |  |
| 903  | 30200:   | Franchises & Consents                        | 0          |            |           |        |           |        |  |
| 904  | 30300:   | Misc Intangible Plant                        | 0          |            |           |        |           |        |  |
| 905  |          |  |            |            |           |        |           |        |  |
| 906  |          | Total Intangible Plant:                      | 0          |            |           |        |           |        |  |
| 907  |          |  |            |            |           |        |           |        |  |
| 908  |          | General:                                     |            |            |           |        |           |        |  |
| 909  |          |  |            |            |           |        |           |        |  |
| 910  | 37400:   | Land & Land Rights                           | 0          |            |           |        |           |        |  |
| 911  | 39001:   | Structures Frame                             | 2,369      | 1,472      | 652       | 1      | 223       | 11     |  |
| 912  | 39602:   | Structures & Improvements                    | 0          |            |           |        |           |        |  |
| 913  | 39900:   | Land & Land Rights                           | 0          |            |           |        |           |        |  |
| 914  | 39004:   | Air Conditioning Equipment                   | 0          |            |           |        |           |        |  |
| 915  | 39009:   | Improvement to leased Premises               | 3,760      | 2,348      | 1,039     | 2      | 356       | 18     |  |
| 916  | 39100:   | Office Furniture & Equipment                 | 611        | 381        | 169       | 0      | 58        | 3      |  |
| 917  | 39102:   | Remittance Processing Equip                  | 0          |            |           |        |           |        |  |
| 918  | 39103:   | Office Machines                              | 0          |            |           |        |           |        |  |
| 919  | 39200:   | Transportation Equipment                     | 0          |            |           |        |           |        |  |
| 920  | 39201:   | Trucks                                       | 0          |            |           |        |           |        |  |
| 921  | 39202:   | Trailers                                     | 0          |            |           |        |           |        |  |
| 922  | 39300:   | Stores Equipment                             | 0          |            |           |        |           |        |  |
| 923  | 39400:   | Power Operated Equipment                     | 1,182      | 743        | 329       | 1      | 113       | 6      |  |
| 924  | 39600:   | Ditchers                                     | 5          | 3          | 1         | 0      | 0         | 0      |  |
| 925  | 39603:   | Backhoes                                     | 0          |            |           |        |           |        |  |
| 926  | 39604:   | Welders                                      | 0          |            |           |        |           |        |  |
| 927  | 39605:   | Communication Equipment                      | 0          |            |           |        |           |        |  |
| 928  | 39700:   | Communication Equipment - Mobile Radios      | 2,600      | 1,622      | 718       | 1      | 246       | 13     |  |
| 929  | 39701:   | Communication Equipment - Fixed Radios       | 0          |            |           |        |           |        |  |
| 930  | 39702:   | Communication Equip - Telemetering           | 0          |            |           |        |           |        |  |
| 931  | 39705:   | Miscellaneous Equipment                      | 0          |            |           |        |           |        |  |
| 932  | 39900:   | Other Tangible Property                      | 15,026     | 9,375      | 4,162     | 7      | 1,422     | 73     |  |
| 933  | 39900:   | Other Tangible Property - Servers - HW       | 0          |            |           |        |           |        |  |
| 934  | 39901:   | Other Tangible Property - Servers - SW       | 10,645     | 6,641      | 2,941     | 5      | 1,007     | 52     |  |
| 935  | 39902:   | Other Tangible Property - Network - HW       | 0          |            |           |        |           |        |  |
| 936  | 39903:   | Other Tang. Property - CPU                   | 0          |            |           |        |           |        |  |
| 937  | 39904:   | Other Tangible Property - MF - Hardware      | 0          |            |           |        |           |        |  |
| 938  | 39905:   | Other Tang. Property - PC Hardware           | 0          |            |           |        |           |        |  |
| 939  | 39906:   | Other Tang. Property - PC Software           | 4,084      | 2,546      | 1,128     | 2      | 387       | 20     |  |
| 940  | 39907:   | Other Tang. Property - Mainframe SW          | 0          |            |           |        |           |        |  |
| 941  | 39908:   | Other Tang. Property - Application Software  | 0          |            |           |        |           |        |  |
| 942  | 39909:   | Other Tang. Property - General Startup Costs | 0          |            |           |        |           |        |  |
| 943  | 39924:   | Other Tang. Property - General Startup Costs | 0          |            |           |        |           |        |  |
| 944  |          |  |            |            |           |        |           |        |  |
| 945  |          | Total General Plant                          | 40,284     | 25,130     | 11,128    | 18     | 3,613     | 195    |  |
| 946  |          |  |            |            |           |        |           |        |  |
| 947  |          |  |            |            |           |        |           |        |  |
| 948  |          | Shared Services General Office:              |            |            |           |        |           |        |  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |            |            |           |        |           |        |
|--|---|------------|------------|-----------|--------|-----------|--------|
| Class Cost of Service - Demand-Only Study                |   |            |            |           |        |           |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |            |            |           |        |           |        |
| ALLOCATION OF DEPRECIATION EXPENSE                       |   |            |            |           |        |           |        |
| 948  |   |            |            |           |        |           |        |
| 950  | General   |            |            |           |        |           |        |
| 951  |   |            |            |           |        |           |        |
| 952  | 37400: Land & Land Rights                           | 0          | -          | -         | -      | -         | -      |
| 953  | 39000: Structures & Improvements                    | 7,953      | 4,968      | 2,200     | 4      | 754       | 39     |
| 954  | 36602: Structures & Improvements                    | 0          | -          | -         | -      | -         | -      |
| 955  | 37503: Improvements                                 | 0          | -          | -         | -      | -         | -      |
| 956  | 39004: Air Conditioning Equipment                   | 0          | -          | -         | -      | -         | -      |
| 957  | 39009: Improvement to leased Premises               | 15,532     | 10,313     | 4,587     | 7      | 1,555     | 80     |
| 958  | 39100: Office Furniture & Equipment                 | 23,439     | 14,622     | 6,475     | 10     | 2,218     | 113    |
| 959  | 39102: Remittance Processing Equip                  | 0          | -          | -         | -      | -         | -      |
| 960  | 39103: Office Machines                              | 0          | -          | -         | -      | -         | -      |
| 961  | 39200: Transportation Equipment                     | 38         | 24         | 10        | 0      | 4         | 0      |
| 962  | 39201: Trucks                                       | 0          | -          | -         | -      | -         | -      |
| 963  | 39202: Trailers                                     | 0          | -          | -         | -      | -         | -      |
| 964  | 39300: Stores Equipment                             | 0          | -          | -         | -      | -         | -      |
| 965  | 39400: Tools, Shop & Garage Equipment               | 7,193      | 4,487      | 1,987     | 3      | 681       | 35     |
| 966  | 39600: Power Operated Equipment                     | 125        | 75         | 34        | 0      | 12        | 1      |
| 967  | 39603: Ditchers                                     | 0          | -          | -         | -      | -         | -      |
| 968  | 39604: Backhoes                                     | 0          | -          | -         | -      | -         | -      |
| 969  | 39605: Welders                                      | 0          | -          | -         | -      | -         | -      |
| 970  | 39700: Communication Equipment                      | 7,842      | 4,892      | 2,166     | 3      | 742       | 38     |
| 971  | 39701: Communication Equipment - Mobile Radios      | 0          | -          | -         | -      | -         | -      |
| 972  | 39702: Communication Equipment - Fixed Radios       | 0          | -          | -         | -      | -         | -      |
| 973  | 39705: Communication Equip. - Telemetry             | 0          | -          | -         | -      | -         | -      |
| 974  | 39800: Miscellaneous Equipment                      | 1,534      | 957        | 424       | 1      | 145       | 7      |
| 975  | 39900: Other Tangible Property                      | 1,154      | 720        | 319       | 1      | 109       | 6      |
| 976  | 39901: Other Tangible Property - Servers - HW       | 158,799    | 97,815     | 43,316    | 69     | 14,840    | 759    |
| 977  | 39902: Other Tangible Property - Servers - SW       | 50,772     | 56,628     | 25,078    | 40     | 8,591     | 439    |
| 978  | 39903: Other Tangible Property - Network - HW       | 12,500     | 7,788      | 3,453     | 6      | 1,183     | 60     |
| 979  | 39904: Other Tang. Property - CPU                   | 0          | -          | -         | -      | -         | -      |
| 980  | 39905: Other Tangible Property - MF - Hardware      | 0          | -          | -         | -      | -         | -      |
| 981  | 39906: Other Tang. Property - PC Hardware           | 12,679     | 7,909      | 3,503     | 6      | 1,200     | 61     |
| 982  | 39907: Other Tang. Property - PC Software           | 2,362      | 1,492      | 661       | 1      | 226       | 12     |
| 983  | 39908: Other Tang. Property - Mainframe SW          | 421,499    | 262,949    | 116,439   | 187    | 39,853    | 2,039  |
| 984  | 39909: Other Tang. Property - Application Software  | 0          | -          | -         | -      | -         | -      |
| 985  | 39924: Other Tang. Property - General Startup Costs | 0          | -          | -         | -      | -         | -      |
| 986  |   |            |            |           |        |           |        |
| 987  |   |            |            |           |        |           |        |
| 988  | Total General Plant                                 | 762,480    | 475,640    | 210,630   | 338    | 72,164    | 3,688  |
| 989  |   |            |            |           |        |           |        |
| 990  | Shared Services Customer Support                    |            |            |           |        |           |        |
| 991  |   |            |            |           |        |           |        |
| 992  | General:  |            |            |           |        |           |        |
| 993  |   |            |            |           |        |           |        |
| 994  | 37400: Land & Land Rights                           | 0          | -          | -         | -      | -         | -      |
| 995  | 39001: Structures Frame                             | 0          | -          | -         | -      | -         | -      |
| 996  | 36602: Structures & Improvements                    | 25,218     | 15,730     | 6,966     | 11     | 2,387     | 122    |
| 997  | 37503: Improvements                                 | 0          | -          | -         | -      | -         | -      |
| 998  | 39004: Air Conditioning Equipment                   | 0          | -          | -         | -      | -         | -      |
| 999  | 39009: Improvement to leased Premises               | 7,980      | 4,978      | 2,234     | 4      | 755       | 39     |
| 1000   | 39100: Office Furniture & Equipment                 | 5,196      | 3,241      | 1,435     | 2      | 492       | 25     |
| 1001   | 39102: Remittance Processing Equip                  | 0          | -          | -         | -      | -         | -      |
| 1002   | 39103: Office Machines                              | 0          | -          | -         | -      | -         | -      |
| 1003   | 39200: Transportation Equipment                     | 0          | -          | -         | -      | -         | -      |
| 1004   | 39201: Trucks                                       | 0          | -          | -         | -      | -         | -      |
| 1005   | 39202: Trailers                                     | 0          | -          | -         | -      | -         | -      |
| 1006   | 39300: Stores Equipment                             | 0          | -          | -         | -      | -         | -      |
| 1007   | 39400: Tools, Shop & Garage Equipment               | 0          | -          | -         | -      | -         | -      |
| 1008   | 39600: Power Operated Equipment                     | 0          | -          | -         | -      | -         | -      |
| 1009   | 39603: Ditchers                                     | 0          | -          | -         | -      | -         | -      |
| 1010   | 39604: Backhoes                                     | 0          | -          | -         | -      | -         | -      |
| 1011   | 39605: Welders                                      | 0          | -          | -         | -      | -         | -      |
| 1012   | 39700: Communication Equipment                      | 6,731      | 4,199      | 1,860     | 3      | 637       | 33     |
| 1013   | 39701: Communication Equipment - Mobile Radios      | 0          | -          | -         | -      | -         | -      |
| 1014   | 39702: Communication Equipment - Fixed Radios       | 0          | -          | -         | -      | -         | -      |
| 1015   | 39705: Communication Equip. - Telemetry             | 0          | -          | -         | -      | -         | -      |
| 1016   | 39800: Miscellaneous Equipment                      | 189        | 116        | 51        | 0      | 19        | 1      |
| 1017   | 39900: Other Tangible Property                      | 4,824      | 3,009      | 1,303     | 2      | 457       | 23     |
| 1018   | 39901: Other Tangible Property - Servers - HW       | 44,466     | 27,751     | 12,289    | 20     | 4,210     | 215    |
| 1019   | 39902: Other Tangible Property - Servers - SW       | 9,370      | 5,845      | 2,598     | 4      | 887       | 45     |
| 1020   | 39903: Other Tangible Property - Network - HW       | 2,533      | 1,560      | 700       | 1      | 240       | 12     |
| 1021   | 39904: Other Tang. Property - CPU                   | 0          | -          | -         | -      | -         | -      |
| 1022   | 39905: Other Tangible Property - MF - Hardware      | 0          | -          | -         | -      | -         | -      |
| 1023   | 39906: Other Tang. Property - PC Hardware           | 6,301      | 3,930      | 1,741     | 3      | 596       | 30     |
| 1024   | 39907: Other Tang. Property - PC Software           | 780        | 487        | 215       | 0      | 74        | 4      |
| 1025   | 39908: Other Tang. Property - Mainframe SW          | 419,863    | 281,952    | 115,893   | 188    | 39,740    | 2,031  |
| 1026   | 39909: Other Tang. Property - Application Software  | 0          | -          | -         | -      | -         | -      |
| 1027   | 39924: Other Tang. Property - General Startup Costs | 0          | -          | -         | -      | -         | -      |
| 1028   |   |            |            |           |        |           |        |
| 1029   |   |            |            |           |        |           |        |
| 1030   | Total General Plant                                 | 533,485    | 332,800    | 147,376   | 236    | 50,492    | 2,861  |
| 1031   |   |            |            |           |        |           |        |
| 1032   | TOTAL DEPRECIATION EXPENSE                          | 19,444,486 | 12,416,303 | 5,495,356 | 11,539 | 1,464,178 | 87,090 |

| Ames Energy Corporation, Kentucky/Mid-States Division                  |                   |                                      |               |                   |                    |                             |                |                         |  |
|--|-------------------|--------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Demand-Only Study                              |                   |                                      |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                   |                                      |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                   |                                      |               |                   |                    |                             |                |                         |  |
| Customer   |                   |                                      |               |                   |                    |                             |                |                         |  |
| Line No.   | Allocation Factor | Allocation Basis                     | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 1  |                   | Taxes Other Than Income              |               |                   |                    |                             |                |                         |  |
| 2  |                   | Non Revenue Related:                 |               |                   |                    |                             |                |                         |  |
| 3  |                   | Payroll Related                      | 93,732        | 75,139            | 17,749             | 46                          | 606            | 291                     |  |
| 4  | 7.2               | Allocated O&M Expenses - Cust        |               |                   |                    |                             |                |                         |  |
| 5  | 6.2               | P, S, T & D Plant - Customer         | 2,134,696     | 1,581,670         | 523,210            | 1,037                       | 17,846         | 10,265                  |  |
| 6  | 7.2               | Allocated O&M Expenses - Cust        | 8,135         | 8,521             | 1,541              | 4                           | 44             | 25                      |  |
| 7  |                   | Other                                | 0             |                   |                    |                             |                |                         |  |
| 8  | 7.2               | Allocated O&M Expenses - Cust        |               |                   |                    |                             |                |                         |  |
| 9  |                   | Total Non Revenue Related:           | 2,236,503     | 1,663,330         | 542,506            | 1,688                       | 18,398         | 10,582                  |  |
| 10   |                   | Revenue Related:                     |               |                   |                    |                             |                |                         |  |
| 11   | 99.0              | Slate Gross Receipts - Tax           | 0             |                   |                    |                             |                |                         |  |
| 12   | 99.0              | Local Gross Receipts - Tax           | 0             |                   |                    |                             |                |                         |  |
| 13   | 99.0              | Public Service Commission Assessment | 0             |                   |                    |                             |                |                         |  |
| 14   |                   | Total Revenue Related:               | 0             |                   |                    |                             |                |                         |  |
| 15   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 16   |                   | Total Taxes, Other Than Income       | 2,236,503     | 1,663,330         | 542,506            | 1,688                       | 18,398         | 10,582                  |  |
| 17   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 18   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 19   | 18.2              | Rate Base - Cust                     | 2,912,508     | 2,194,180         | 680,419            | 2,087                       | 22,743         | 13,081                  |  |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                                 |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|---------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                              |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Demand   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis                | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 20   | Taxes Other Than Income              |                   |                                 |               |                   |                    |                             |                |                         |
| 21   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 22   | Non Revenue Related:                 |                   |                                 |               |                   |                    |                             |                |                         |
| 23   | Payroll Related                      | 7.4               | Allocated O&M Expenses - Demand | 83,527        | 45,109            | 25,170             | -                           | 13,248         | -                       |
| 24   | Property Related                     | 6.4               | P, S, T & D Plant - Demand      | 2,772,028     | 1,497,032         | 835,339            | -                           | 439,657        | -                       |
| 25   | DOT transmission User Tax            | 7.4               | Allocated O&M Expenses - Demand | 7,249         | 3,915             | 2,185              | -                           | 1,150          | -                       |
| 26   | Other                                | 7.4               | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       |
| 27   | Total Non Revenue Related:           |                   |                                 | 2,862,804     | 1,546,056         | 862,694            | 0                           | 454,055        | 0                       |
| 28   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 29   | Revenue Related:                     |                   |                                 |               |                   |                    |                             |                |                         |
| 30   | State Gross Receipts - Tax           | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 31   | Local Gross Receipts - Tax           | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 32   | Public Service Commission Assessment | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 33   | Total Revenue Related:               |                   |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 34   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 35   | Total Taxes, Other Than Income       |                   |                                 | 2,862,804     | 1,546,056         | 862,694            | -                           | 454,055        | -                       |
| 36   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 37   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 38   | Interest Expense                     | 19.4              | Rate Base - Demand              | 4,486,122     | 2,422,727         | 1,351,873          | -                           | 711,521        | -                       |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                               |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                              |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Commodity  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 39   | Taxes Other Than Income              |                   |                               |               |                   |                    |                             |                |                         |
| 40   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 41   | Non Revenue Related:                 |                   |                               |               |                   |                    |                             |                |                         |
| 42   | Payroll Related                      | 7.6               | Allocated O&M Expenses - Comm | 566,836       | 332,186           | 218,166            | 7,695                       | 294            | 295                     |
| 43   | Property Related                     | 6.6               | P, S, T & D Plant - Commodity | 76,698        | 30,020            | 18,103             | 570                         | 14,149         | 13,846                  |
| 44   | DOT transmission User Tax            | 7.6               | Allocated O&M Expenses - Comm | 48,485        | 28,531            | 18,935             | 668                         | 26             | 28                      |
| 45   | Other                                | 7.6               | Allocated O&M Expenses - Comm | 0             | -                 | -                  | -                           | -              | -                       |
| 46   | Total Non Revenue Related:           |                   |                               | 683,817       | 391,045           | 255,205            | 8,933                       | 14,469         | 14,169                  |
| 47   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 48   | Revenue Related:                     |                   |                               |               |                   |                    |                             |                |                         |
| 49   | State Gross Receipts - Tax           | 99.0              |                               | 0             | -                 | -                  | -                           | -              | -                       |
| 50   | Local Gross Receipts - Tax           | 99.0              |                               | 0             | -                 | -                  | -                           | -              | -                       |
| 51   | Public Service Commission Assessment | 1.0               | Mcf                           | 317,098       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 52   | Total Revenue Related:               |                   |                               | 317,098       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 53   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 54   | Total Taxes, Other Than Income       |                   |                               | 1,000,912     | 490,775           | 320,652            | 12,105                      | 85,595         | 91,786                  |
| 55   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 56   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 57   | Interest Expense                     | 19.8              | Rate Base - Comm              | 359,103       | 149,487           | 95,689             | 3,665                       | 53,889         | 56,373                  |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                   |                                      |               |                   |                    |                             |                |                         |  |
|--|-------------------|--------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Demand-Only Study                              |                   |                                      |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                   |                                      |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                   |                                      |               |                   |                    |                             |                |                         |  |
| Total Taxes Other  |                   |                                      |               |                   |                    |                             |                |                         |  |
| Line No.   | Allocation Factor | Allocation Basis                     | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 58   |                   | Taxes Other Than Income              |               |                   |                    |                             |                |                         |  |
| 59   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 60   |                   | Non Revenue Related:                 |               |                   |                    |                             |                |                         |  |
| 61   |                   | Payroll Related                      | 735,895       | 452,433           | 281,088            | 7,742                       | 14,048         | 588                     |  |
| 62   |                   | Property Related                     | 4,983,380     | 3,108,729         | 1,378,658          | 2,207                       | 471,655        | 24,111                  |  |
| 63   |                   | DOT transmission User Tax            | 63,870        | 39,288            | 22,660             | 672                         | 1,219          | 51                      |  |
| 64   |                   | Other                                | 0             | -                 | -                  | -                           | -              | -                       |  |
| 65   |                   | Total Non Revenue Related:           | 5,783,125     | 3,600,430         | 1,660,404          | 10,621                      | 486,922        | 24,748                  |  |
| 66   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 67   |                   | Revenue Related:                     |               |                   |                    |                             |                |                         |  |
| 68   |                   | State Gross Receipts - Tax           | 0             | -                 | -                  | -                           | -              | -                       |  |
| 69   |                   | Local Gross Receipts - Tax           | 0             | -                 | -                  | -                           | -              | -                       |  |
| 70   |                   | Public Service Commission Assessment | 317,096       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |  |
| 71   |                   | Total Revenue Related:               | 317,096       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |  |
| 72   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 73   |                   | Total Taxes, Other Than Income       | 6,100,220     | 3,700,160         | 1,725,851          | 13,793                      | 558,048        | 102,368                 |  |
| 74   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 75   |                   |                                      |               |                   |                    |                             |                |                         |  |
| 76   |                   | Interest Expense                     | 7,757,734     | 4,788,284         | 2,127,981          | 5,762                       | 788,153        | 68,454                  |  |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |                             |                   |                              |               |                   |                     |                              |                |                         |
|--|-----------------------------|-------------------|------------------------------|---------------|-------------------|---------------------|------------------------------|----------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |                             |                   |                              |               |                   |                     |                              |                |                         |
| Forecasted Test Period: Twelve Months Endod May 31, 2017 |                             |                   |                              |               |                   |                     |                              |                |                         |
| ALLOCATION OF REVENUES                                   |                             |                   |                              |               |                   |                     |                              |                |                         |
| Total Revenues   |                             |                   |                              |               |                   |                     |                              |                |                         |
| Line No.   |                             | Allocation Factor | Allocation Basis             | Total Company | Residential Sales | Non-Rate Sales Firm | Non-Rate Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  | Rate Schedule Revenue:      |                   |                              |               |                   |                     |                              |                |                         |
| 2  |                             |                   |                              |               |                   |                     |                              |                |                         |
| 3  | Base Revenues               | Input             |                              | 82,773,705    | 46,574,306        | 19,489,661          | 313,459                      | 7,691,062      | 6,705,206               |
| 4  | Base Revenue Increase       | Input             |                              | 0             |                   |                     |                              |                |                         |
| 5  | Gas Costs                   | 1.2 Sales Mcf     |                              | 79,378,177    | 47,248,724        | 31,034,768          | 1,094,686                    |                |                         |
| 6  | Rider FF and Rider Tax      | Input             |                              | 0             |                   |                     |                              |                |                         |
| 7  |                             |                   |                              |               |                   |                     |                              |                |                         |
| 8  |                             |                   |                              |               |                   |                     |                              |                |                         |
| 9  | Total Rate Schedule Revenue |                   |                              | 162,151,882   | 95,823,030        | 50,524,429          | 1,408,155                    | 7,691,062      | 6,705,206               |
| 10   | Other Revenue:              |                   |                              |               |                   |                     |                              |                |                         |
| 11   |                             |                   |                              |               |                   |                     |                              |                |                         |
| 12   | Forfeited Discounts         | 18.6              | Total Rate Schedule Revenues | 1,140,887     | 674,203           | 355,486             | 9,908                        | 54,114         | 47,177                  |
| 13   | Misc. Service Revenues      | 18.6              | Total Rate Schedule Revenues | 795,825       | 470,290           | 247,969             | 6,911                        | 37,747         | 32,908                  |
| 14   | NTB                         | 18.2              | Base Revenues                | (3)           | (2)               | (1)                 | (0)                          | (0)            | (0)                     |
| 15   | Other Gas Revenue           | 18.2              | Base Revenues                | 2,716,065     | 1,693,875         | 639,517             | 10,289                       | 252,368        | 220,019                 |
| 16   |                             |                   |                              |               |                   |                     |                              |                |                         |
| 17   | Total Non-Rate Revenue      |                   |                              | 4,652,774     | 2,738,366         | 1,242,971           | 27,105                       | 344,228        | 300,104                 |
| 18   |                             |                   |                              |               |                   |                     |                              |                |                         |
| 19   | TOTAL REVENUE               |                   |                              | 166,804,655   | 98,561,396        | 51,767,399          | 1,435,259                    | 8,035,290      | 7,005,311               |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |        |                  |             |             |            |
|--|---|--------|------------------|-------------|-------------|------------|
| Class Cost of Service - Demand-Only Study                |   |        |                  |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |        |                  |             |             |            |
| CLASSIFICATION FACTORS                                   |   |        |                  |             |             |            |
|  |   |        | Total<br>Company | Customer    | Demand      | Commodity  |
|  | Input   | Values | 1                | 1           | 0           | 0          |
| 1.0  | Customer  | %      | 100.0000%        | 100.0000%   | 0.0000%     | 0.0000%    |
|  | Input   | Values | 1                | 0           | 1           | 0          |
| 2.0  | Demand  | %      | 100.0000%        | 0.0000%     | 100.0000%   | 0.0000%    |
|  | Input   | Values | 1                | 0           | 0           | 1          |
| 3.0  | Commodity   | %      | 100.0000%        | 0.0000%     | 0.0000%     | 100.0000%  |
|  | Input   | Values | 100              | 0           | 50          | 50         |
| 3.5  | Storage (50/50)                                       | %      | 100.0000%        | 0.0000%     | 50.0000%    | 50.0000%   |
|  | Input   | Values | 87,962,005       | 43,732,328  | 44,229,677  | 0          |
| 4.0  | Mains (Zero Intercept)                                | %      | 100.0000%        | 49.7173%    | 50.2827%    | 0.0000%    |
|  | Internally Generated                                  | Values | 254,117,599      | 76,986,682  | 177,130,917 | 0          |
| 4.1  | Mains & Services                                      | %      | 100.0000%        | 30.2957%    | 69.7043%    | 0.0000%    |
|  | Internally Generated                                  | Values | 510,183,156      | 218,538,374 | 283,792,866 | 7,851,916  |
| 5.4  | P, S, T & D Plant                                     | %      | 100.0000%        | 42.8353%    | 55.6257%    | 1.5390%    |
|  | Internally Generated                                  | Values | 387,713,350      | 151,304,044 | 230,361,483 | 6,047,823  |
| 5.7  | Net Plant   | %      | 100.0000%        | 39.0247%    | 59.4154%    | 1.5599%    |
|  | Internally Generated                                  | Values | 104,852,766      | 13,355,249  | 11,901,197  | 79,596,320 |
| 9.1  | Allocated O&M Expenses                                | %      | 100.0000%        | 12.7371%    | 11.3504%    | 75.9125%   |
|  | Internally Generated                                  | Values | 5,303,837        | 2,143,480   | 3,148,828   | 11,530     |
| 10.0   | Composite of Accts. 871-879 & 886-893                 | %      | 100.0000%        | 40.4137%    | 59.3689%    | 0.2174%    |
|  | Internally Generated                                  | Values | 187,848,282      | -           | 187,848,282 | -          |
| 12.0   | Composite of Accts. 374-379                           | %      | 100.0000%        | 0.0000%     | 100.0000%   | 0.0000%    |
|  | Internally Generated                                  | Values | 335,832,639      | 126,082,636 | 194,204,410 | 15,545,593 |
| 13.0   | Rate Base   | %      | 100.0000%        | 37.5433%    | 57.8277%    | 4.6290%    |
|  | Internally Generated                                  | Values | 8,877,211        | 4,669,184   | 4,192,567   | 15,461     |
| 17.0   | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | %      | 100.0000%        | 52.5974%    | 47.2284%    | 0.1742%    |
|  |   | Values | 0                | 0           | 0           | 0          |
| 99.0   | -   | %      | 0.0000%          | 0.0000%     | 0.0000%     | 0.0000%    |

| Almos Energy Corporation, Kentucky/Mid-States Division   |   |         |                          |                         |                         |                             |                        |                         |
|--|---|---------|--------------------------|-------------------------|-------------------------|-----------------------------|------------------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |   |         |                          |                         |                         |                             |                        |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |         |                          |                         |                         |                             |                        |                         |
| ALLOCATION FACTORS                                       |   |         |                          |                         |                         |                             |                        |                         |
|  |   |         | Total Company            | Residential Sales       | Non-Res Sales Firm      | Non-Res Sales Interruptible | Transport Firm         | Transport Interruptible |
| 1.0  | Input Mcf   | Value % | 32,885,246<br>100.0000%  | 10,336,507<br>31.4312%  | 6,783,219<br>20.6395%   | 326,761<br>1.0004%          | 7,371,869<br>22.4306%  | 8,044,870<br>24.4784%   |
| 1.2  | Input Sales Mcf   | Value % | 17,448,506<br>100.0000%  | 10,336,507<br>59.2401%  | 6,783,219<br>38.8758%   | 326,761<br>1.8843%          | 0.0000%                | 0.0000%                 |
| 1.5  | Input Winter Volumes  | Value % | 20,339,774<br>100.0000%  | 7,951,655<br>39.1519%   | 4,793,953<br>23.6042%   | 150,910<br>0.7430%          | 3,746,829<br>18.4484%  | 3,666,427<br>18.0525%   |
| 2.0  | Input Bills   | Value % | 2,195,371<br>100.0000%   | 1,874,037<br>85.0122%   | 228,869<br>10.8707%     | 137<br>0.0065%              | 1,476<br>0.0701%       | 852<br>0.0405%          |
| 2.2  | Input Non-Residential Bills   | Value % | 231,334<br>100.0000%     | 0<br>0.0000%            | 228,869<br>98.9344%     | 137<br>0.0592%              | 1,476<br>0.6390%       | 852<br>0.3683%          |
| 3.0  | Input Peak Day  | Value % | 235,067<br>100.0000%     | 126,948<br>54.0049%     | 70,836<br>30.1346%      | 0<br>0.0000%                | 37,283<br>15.8605%     | 0<br>0.0000%            |
| 4.0  | Input Meter Investment  | Value % | 11,758,369<br>100.0000%  | 7,026,701<br>59.7691%   | 4,378,616<br>37.2383%   | 19,418<br>0.1651%           | 211,831<br>1.8015%     | 121,803<br>1.0359%      |
| 4.2  | Input Direct to Residential   | Value % | 1<br>100.0000%           | 1<br>100.0000%          | 0<br>0.0000%            | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.4  | Input Direct to Non-Res Firm Sales                                  | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 1<br>100.0000%          | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.6  | Input Direct to Non-Res Interruptible Sales                         | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 1<br>100.0000%              | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.8  | Input Direct to Firm Transport                                      | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 0<br>0.0000%                | 1<br>100.0000%         | 0<br>0.0000%            |
| 5.0  | Input Direct to Interruptible Transport                             | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 0<br>0.0000%                | 0<br>0.0000%           | 1<br>100.0000%          |
| 6.0  | Internally Generated P, S, T & D Plant                              | Value % | 510,183,158<br>100.0000% | 318,263,456<br>62.3822% | 140,998,575<br>27.6261% | 226,975<br>0.0443%          | 48,288,767<br>9.4646%  | 2,468,394<br>0.4838%    |
| 6.2  | Internally Generated P, S, T & D Plant - Customer                   | Value % | 218,538,374<br>100.0000% | 161,927,134<br>74.0955% | 53,665,445<br>24.5108%  | 167,632<br>0.0767%          | 1,827,238<br>0.8361%   | 1,050,924<br>0.4809%    |
| 6.4  | Internally Generated P, S, T & D Plant - Demand                     | Value % | 283,792,866<br>100.0000% | 153,262,150<br>54.0049% | 85,519,750<br>30.1346%  | 0<br>0.0000%                | 45,010,966<br>15.8605% | 0<br>0.0000%            |
| 6.6  | Internally Generated P, S, T & D Plant - Commodity                  | Value % | 7,851,916<br>100.0000%   | 3,074,171<br>39.1519%   | 1,853,379<br>23.6042%   | 58,343<br>0.7430%           | 1,448,553<br>18.4484%  | 1,417,469<br>18.0525%   |
| 7.0  | Internally Generated Allocated O&M Expenses                         | Value % | 104,862,766<br>100.0000% | 64,464,196<br>61.4807%  | 37,200,401<br>35.4787%  | 1,103,035<br>1.0520%        | 2,001,605<br>1.9090%   | 83,529<br>0.0797%       |
| 7.2  | Internally Generated Allocated O&M Expenses - Cust                  | Value % | 13,355,249<br>100.0000%  | 10,706,013<br>80.1633%  | 2,528,985<br>18.9363%   | 6,621<br>0.0496%            | 72,135<br>0.5401%      | 41,495<br>0.3107%       |
| 7.4  | Internally Generated Allocated O&M Expenses - Demand                | Value % | 11,991,197<br>100.0000%  | 6,427,234<br>54.0049%   | 3,586,374<br>30.1346%   | 0<br>0.0000%                | 1,887,589<br>15.8605%  | 0<br>0.0000%            |
| 7.6  | Internally Generated Allocated O&M Expenses - Comm                  | Value % | 79,506,320<br>100.0000%  | 47,330,950<br>59.4637%  | 31,085,042<br>39.0534%  | 1,086,414<br>1.3776%        | 41,881<br>0.0528%      | 42,034<br>0.0528%       |
| 8.0  | Input Customer Deposit Balances                                     | Value % | 34,046,761<br>100.0000%  | 24,136,338<br>70.8988%  | 9,911,423<br>29.1112%   | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 9.0  | Internally Generated Allocated Net Plant                            | Value % | 387,713,350<br>100.0000% | 241,019,831<br>62.1629% | 105,972,400<br>27.3272% | 152,462<br>0.0393%          | 38,815,714<br>10.0114% | 1,768,943<br>0.4537%    |
| 9.2  | Internally Generated Allocated Net Plant - Cust                     | Value % | 151,304,044<br>100.0000% | 114,233,926<br>75.4996% | 35,122,244<br>23.2130%  | 107,212<br>0.0709%          | 1,188,559<br>0.7723%   | 872,104<br>0.4442%      |
| 9.4  | Internally Generated Allocated Net Plant - Demand                   | Value % | 230,301,483<br>100.0000% | 124,406,587<br>54.0049% | 69,418,434<br>30.1346%  | 0<br>0.0000%                | 36,536,482<br>15.8605% | 0<br>0.0000%            |
| 9.6  | Internally Generated Allocated Net Plant - Comm                     | Value % | 6,047,823<br>100.0000%   | 2,373,339<br>39.2429%   | 1,431,722<br>23.6733%   | 45,250<br>0.7482%           | 1,110,673<br>18.3648%  | 1,086,839<br>17.9707%   |
| 10.0   | Internally Generated Composite of Accts. 871-879 & 886-893          | Value % | 5,303,837<br>100.0000%   | 3,284,821<br>61.9329%   | 1,482,690<br>27.9532%   | 1,848<br>0.0348%            | 520,893<br>9.8211%     | 13,685<br>0.2580%       |
| 10.2   | Internally Generated Composite of Accts. 871-879 & 886-893 - Cust   | Value % | 2,143,480<br>100.0000%   | 1,680,672<br>78.433%    | 531,325<br>24.7880%     | 1,733<br>0.0808%            | 18,887<br>0.8811%      | 10,863<br>0.5068%       |
| 10.4   | Internally Generated Composite of Accts. 871-879 & 886-893 - Demand | Value % | 3,148,828<br>100.0000%   | 1,700,523<br>54.0049%   | 948,888<br>30.1346%     | 0<br>0.0000%                | 499,420<br>15.8605%    | 0<br>0.0000%            |
| 10.6   | Internally Generated Composite of Accts. 871-879 & 886-893 - Comm   | Value % | 11,530<br>100.0000%      | 3,626<br>31.4512%       | 2,380<br>20.6395%       | 115<br>1.0004%              | 2,588<br>22.4306%      | 2,822<br>24.4784%       |
| 11.0   | Internally Generated Composite of Accts. 376 & 380                  | Value % | 254,117,599<br>100.0000% | 164,186,972<br>64.6106% | 61,746,641<br>24.2886%  | 5,010<br>0.0020%            | 28,147,821<br>11.0767% | 31,155<br>0.0123%       |
| 11.2   | Internally Generated Composite of Accts. 376 & 380 - Cust           | Value % | 76,586,892<br>100.0000%  | 68,527,537<br>89.0122%  | 8,369,007<br>10.8707%   | 5,010<br>0.0065%            | 53,973<br>0.0701%      | 31,155<br>0.0405%       |
| 11.4   | Internally Generated Composite of Accts. 376 & 380 - Demand         | Value % | 177,130,917<br>100.0000% | 95,659,435<br>54.0049%  | 53,377,634<br>30.1346%  | 0<br>0.0000%                | 28,093,848<br>15.8605% | 0<br>0.0000%            |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |               |                         |                      |                             |                    |                         |
|--|---|---------------|-------------------------|----------------------|-----------------------------|--------------------|-------------------------|
| Class Cost of Service - Demand-Only Study                |   |               |                         |                      |                             |                    |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |               |                         |                      |                             |                    |                         |
| ALLOCATION FACTORS                                       |   |               |                         |                      |                             |                    |                         |
|  |   | Total Company | Residential Sales       | Non-Res Sales Firm   | Non-Res Sales Interruptible | Transport Firm     | Transport Interruptible |
| 11.0   | Internally Generated Composite of Accts. 376 & 380 - Comm                         | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 12.0   | Internally Generated Composite of Accts. 374-379                                  | Value %       | 187,848,282 100.0000%   | 101,447,341 54.0049% | 56,607,265 30.1346%         | 0 0.0000%          | 29,793,676 15.8605%     |
| 12.2   | Internally Generated Composite of Accts. 374-379 - Cust                           | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 12.4   | Internally Generated Composite of Accts. 374-379 - Demand                         | Value %       | 187,848,282 100.0000%   | 101,447,341 54.0049% | 56,607,265 30.1346%         | 0 0.0000%          | 29,793,676 15.8605%     |
| 12.6   | Internally Generated Composite of Accts. 374-379 - Comm                           | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 13.0   | Internally Generated Composite of Accts. 381-383                                  | Value %       | 51,552,145 100.0000%    | 30,807,121 59.7591%  | 19,197,142 37.2383%         | 85,134 0.1651%     | 926,730 1.8015%         |
| 13.2   | Internally Generated Composite of Accts. 381-383 - Cust                           | Value %       | 51,552,145 100.0000%    | 30,807,121 59.7591%  | 19,197,142 37.2383%         | 85,134 0.1651%     | 926,730 1.8015%         |
| 13.4   | Internally Generated Composite of Accts. 381-383 - Demand                         | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 13.6   | Internally Generated Composite of Accts. 381-383 - Comm                           | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 14.0   | Internally Generated Account 380  | Value %       | 76,986,682 100.0000%    | 68,527,537 89.0122%  | 8,369,007 10.8707%          | 5,010 0.0065%      | 53,973 0.0701%          |
| 14.2   | Internally Generated Account 380 - Cust   | Value %       | 76,986,682 100.0000%    | 68,527,537 89.0122%  | 8,369,007 10.8707%          | 5,010 0.0065%      | 53,973 0.0701%          |
| 14.4   | Internally Generated Account 380 - Demand   | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 14.6   | Internally Generated Account 380 - Comm   | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |
| 16.0   | Input GUD 9400 Allocation Factors   | Value %       | 54,155 100.0000%        | 0.81264 0.0015%      | 0.14803 0.0003%             | 0.03934 0.0001%    | 54,155 99.9982%         |
| 17.0   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1        | Value %       | 8,677,211 100.0000%     | 5,989,511 67.4706%   | 2,171,309 24.4594%          | 2,579 0.0291%      | 694,841 7.9272%         |
| 17.2   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | Value %       | 4,669,184 100.0000%     | 3,720,446 79.6509%   | 904,702 19.3760%            | 2,425 0.0519%      | 26,416 0.5658%          |
| 17.4   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Dema | Value %       | 4,192,567 100.0000%     | 2,264,193 54.0049%   | 1,263,412 30.1346%          | 0 0.0000%          | 664,962 15.8605%        |
| 17.6   | Internally Generated Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | Value %       | 15,461 100.0000%        | 4,873 31.5153%       | 3,195 20.6645%              | 154 0.9983%        | 3,403 22.3971%          |
| 18.0   | Internally Generated Revenues   | Value %       | 1,494,125,891 100.0000% | 961,319,271 64.3990% | 486,286,164 32.6804%        | 44,490,351 2.9777% | 19,105 0.0013%          |
| 18.2   | Internally Generated Base Revenues  | Value %       | 82,779,705 100.0000%    | 48,574,306 58.6833%  | 19,489,661 23.5457%         | 313,469 0.3787%    | 7,691,062 9.2917%       |
| 18.4   | Internally Generated Gas Costs  | Value %       | 79,378,177 100.0000%    | 47,246,724 59.5236%  | 31,034,768 39.0874%         | 1,094,685 1.3791%  | 0 0.0000%               |
| 18.6   | Internally Generated Total Rate Schedule Revenues                                 | Value %       | 162,151,882 100.0000%   | 95,823,030 59.0946%  | 50,524,429 31.1587%         | 1,408,155 0.8684%  | 7,691,062 4.7431%       |
| 19.0   | Internally Generated Rate Base  | Value %       | 385,892,639 100.0000%   | 206,337,422 53.4406% | 92,120,401 23.8984%         | 249,993 0.0648%    | 34,119,170 8.8423%      |
| 19.2   | Internally Generated Rate Base - Cust   | Value %       | 126,082,636 100.0000%   | 94,986,145 75.3384%  | 29,455,377 23.3620%         | 90,327 0.0716%     | 984,531 0.7809%         |
| 19.4   | Internally Generated Rate Base - Demand   | Value %       | 194,204,410 100.0000%   | 104,879,984 54.0049% | 58,522,857 30.1346%         | 0 0.0000%          | 30,807,121 15.8605%     |
| 19.6   | Internally Generated Rate Base - Comm   | Value %       | 15,545,593 100.0000%    | 6,471,313 41.6280%   | 4,142,367 26.6486%          | 158,667 1.0207%    | 2,332,849 15.0055%      |
| 99.0   | -   | Value %       | 0 0.0000%               | 0 0.0000%            | 0 0.0000%                   | 0 0.0000%          | 0 0.0000%               |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                                  |                        |                      |                       |                                |                   |                            |
|--|----------------------------------|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Class Cost of Service - Demand/Commodity Study           |                                  |                        |                      |                       |                                |                   |                            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                  |                        |                      |                       |                                |                   |                            |
| SUMMARY OF RESULTS                                       |                                  |                        |                      |                       |                                |                   |                            |
|  |                                  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  |                                  |                        |                      |                       |                                |                   |                            |
| 2  |                                  |                        |                      |                       |                                |                   |                            |
| 3  |                                  |                        |                      |                       |                                |                   |                            |
| 4  |                                  |                        |                      |                       |                                |                   |                            |
| 5  |                                  |                        |                      |                       |                                |                   |                            |
| 6  |                                  |                        |                      |                       |                                |                   |                            |
| 7  |                                  |                        |                      |                       |                                |                   |                            |
| 8  | Operating Revenues               | 166,804,655            | 98,581,396           | 51,767,399            | 1,435,259                      | 8,035,290         | 7,005,311                  |
| 9  |                                  |                        |                      |                       |                                |                   |                            |
| 10   | Operating Expenses:              |                        |                      |                       |                                |                   |                            |
| 11   |                                  |                        |                      |                       |                                |                   |                            |
| 12   | Operating & Maintenance          | 104,852,766            | 63,481,855           | 35,785,838            | 1,146,608                      | 2,287,769         | 1,149,696                  |
| 13   | Depreciation & Amortization      | 19,444,466             | 11,783,701           | 5,189,032             | 39,599                         | 1,648,460         | 783,675                    |
| 14   | Taxes Other Than Income          | 6,100,220              | 3,486,679            | 1,635,976             | 23,262                         | 620,237           | 334,086                    |
| 15   |                                  |                        |                      |                       |                                |                   |                            |
| 16   | Total Operating Expenses         | 130,397,452            | 78,752,235           | 43,611,846            | 1,209,469                      | 4,556,466         | 2,267,437                  |
| 17   |                                  |                        |                      |                       |                                |                   |                            |
| 18   | Income Before Taxes              | 36,407,203             | 19,809,161           | 8,155,554             | 225,791                        | 3,478,825         | 4,737,874                  |
| 19   |                                  |                        |                      |                       |                                |                   |                            |
| 20   | Interest Expense                 | 7,757,734              | 4,412,631            | 1,979,048             | 21,443                         | 891,207           | 453,405                    |
| 21   |                                  |                        |                      |                       |                                |                   |                            |
| 22   | Income Taxes:                    |                        |                      |                       |                                |                   |                            |
| 23   |                                  |                        |                      |                       |                                |                   |                            |
| 24   | State Income Taxes               | 6.00%                  | 1,718,968            | 923,792               | 370,590                        | 12,281            | 155,257                    |
| 25   | Federal Income Taxes             | 35.00%                 | 9,425,675            | 5,065,458             | 2,032,070                      | 67,230            | 851,326                    |
| 26   | Total Deferred Income Taxes      |                        | 0                    | 0                     | 0                              | 0                 | 0                          |
| 27   | Amortization of ITC              |                        | 0                    | 0                     | 0                              | 0                 | 0                          |
| 28   | Total Income Taxes               | 11,144,644             | 5,989,250            | 2,402,661             | 79,491                         | 1,006,583         | 1,686,658                  |
| 29   |                                  |                        |                      |                       |                                |                   |                            |
| 30   | Net Income                       | 25,262,560             | 13,819,911           | 5,752,893             | 146,300                        | 2,472,241         | 3,071,215                  |
| 31   |                                  |                        |                      |                       |                                |                   |                            |
| 32   | Total Rate Base                  | 335,832,639            | 191,022,993          | 85,673,063            | 928,277                        | 38,580,387        | 19,627,919                 |
| 33   |                                  |                        |                      |                       |                                |                   |                            |
| 34   | Rate of Return                   | 7.5224%                | 7.2347%              | 6.7149%               | 15.7603%                       | 6.4080%           | 15.6472%                   |
| 35   | Relative Rate of Return          | 1.00                   | 0.96                 | 0.89                  | 2.10                           | 0.85              | 2.08                       |
| 36   |                                  |                        |                      |                       |                                |                   |                            |
| 37   | Equalized ROR:                   |                        |                      |                       |                                |                   |                            |
| 38   |                                  |                        |                      |                       |                                |                   |                            |
| 39   | Net Income Increase              |                        | 2,007,051            | 1,691,156             | 1,203,760                      | (70,923)          | 660,486                    |
| 40   | Uncollectibles/PSC Fees Increase | 0.6901%                | 22,826               | 19,234                | 13,690                         | (807)             | 7,512                      |
| 41   | Income Taxes                     |                        | 1,277,811            | 1,076,694             | 766,387                        | (45,154)          | 420,506                    |
| 42   | Gross Revenue After Increase     |                        | 170,112,344          | 101,348,479           | 53,751,237                     | 1,318,375         | 9,123,794                  |
| 43   | Revenue Increase                 |                        | 3,307,688            | 2,787,083             | 1,983,838                      | (116,894)         | 1,088,504                  |
| 44   | Rate of Return                   |                        | 8.1200%              | 8.1200%               | 8.1200%                        | 8.1200%           | 8.1200%                    |
| 45   | Relative Rate of Return          |                        | 1.00                 | 1.00                  | 1.00                           | 1.00              | 1.00                       |
| 46   | Percent Increase                 |                        | 1.9830%              | 2.8278%               | 3.8322%                        | -8.1438%          | 13.5465%                   |
| 47   |                                  |                        |                      |                       |                                |                   |                            |
| 48   | Proposed Rate Levels:            |                        | 27,269,585           | 15,021,924            | 6,261,088                      | 160,826           | 2,699,843                  |
| 49   |                                  |                        |                      |                       |                                |                   |                            |
| 50   | Net Income Increase              |                        | 2,007,025            | 1,202,014             | 508,196                        | 14,527            | 227,602                    |
| 51   | Uncollectibles/PSC Fees Increase |                        | 22,826               | 13,671                | 5,780                          | 165               | 2,589                      |
| 52   | Income Taxes                     |                        | 1,277,795            | 765,275               | 323,548                        | 9,249             | 144,905                    |
| 53   | Gross Revenue After Increase     |                        | 170,112,301          | 100,542,355           | 52,604,923                     | 1,459,200         | 8,410,386                  |
| 54   | Revenue Increase                 |                        | 3,307,646            | 1,980,960             | 837,524                        | 23,940            | 375,096                    |
| 55   | Rate of Return                   |                        | 8.1200%              | 7.9639%               | 7.3081%                        | 17.3252%          | 6.9980%                    |
| 56   | Relative Rate of Return          |                        | 1.00                 | 0.97                  | 0.90                           | 2.13              | 0.86                       |
| 57   | Percent Increase                 |                        | 1.9829%              | 2.0099%               | 1.6179%                        | 1.6680%           | 4.6681%                    |

| Almos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Demand/Commodity Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |                        |                      |                       |                                |                   |                            |
|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| SUMMARY OF CUSTOMER COSTS  |                        |                      |                       |                                |                   |                            |
|  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1 Rate Base  | 126,082,836            | 94,986,145           | 29,455,377            | 90,327                         | 984,531           | 566,257                    |
| 2  |                        |                      |                       |                                |                   |                            |
| 3 Return @ Realized ROR  | 9,484,397              | 6,938,891            | 1,956,036             | 35,504                         | (87,345)          | 641,311                    |
| 4 O&M Expenses   | 13,355,249             | 10,706,013           | 2,528,985             | 6,621                          | 72,135            | 41,495                     |
| 5 Depreciation Expense   | 10,941,949             | 7,851,953            | 2,905,219             | 10,167                         | 110,857           | 63,753                     |
| 6 Taxes, Other   | 2,236,503              | 1,683,330            | 542,506               | 1,688                          | 18,398            | 10,582                     |
| 7  |                        |                      |                       |                                |                   |                            |
| 8 Interest Expense   | 2,912,509              | 2,194,180            | 680,419               | 2,087                          | 22,743            | 13,081                     |
| 9  |                        |                      |                       |                                |                   |                            |
| 10 Income Taxes:   |                        |                      |                       |                                |                   |                            |
| 11   |                        |                      |                       |                                |                   |                            |
| 12 State Income Taxes  | 645,357                | 465,929              | 125,265               | 3,282                          | (10,811)          | 61,692                     |
| 13 Federal Income Taxes  | 3,538,709              | 2,554,844            | 686,871               | 17,994                         | (59,278)          | 338,278                    |
| 14 Deferred Income Taxes   | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15 Amortization of ITC   | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16   |                        |                      |                       |                                |                   |                            |
| 17 Total Income Taxes  | 4,184,066              | 3,020,773            | 812,136               | 21,276                         | (70,088)          | 399,970                    |
| 18   |                        |                      |                       |                                |                   |                            |
| 19 Total Customer-Related Costs @ Realized ROR   | 40,202,165             | 30,180,960           | 8,744,881             | 75,257                         | 43,957            | 1,157,110                  |
| 20 Total Customers   | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 21 Customer Costs (\$/customer/month)  |                        | \$ 16.10             | \$ 38.21              | \$ 549.32                      | \$ 29.78          | \$ 1,358.11                |
| 22   |                        |                      |                       |                                |                   |                            |
| 23   |                        |                      |                       |                                |                   |                            |
| 24 Incremental Return @ Equalized ROR  | 753,513                | 773,984              | 435,741               | (28,170)                       | 167,289           | (595,331)                  |
| 25 Incremental Income Taxes  | 479,732                | 492,766              | 277,419               | (17,935)                       | 106,506           | (379,024)                  |
| 26 Incremental Uncollectibles/PSC Fees Increase  | 8,570                  | 8,803                | 4,956                 | (320)                          | 1,903             | (6,771)                    |
| 27   |                        |                      |                       |                                |                   |                            |
| 28 Total Customer-Related Costs @ Equalized ROR  | 41,443,980             | 31,456,512           | 9,462,997             | 28,832                         | 319,655           | 175,985                    |
| 29 Customers   | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 30 Dollars/Customer/Month  | \$ 19.68               | \$ 16.79             | \$ 41.35              | \$ 210.45                      | \$ 216.57         | \$ 206.55                  |
| 31   |                        |                      |                       |                                |                   |                            |
| 32   |                        |                      |                       |                                |                   |                            |
| 33 Incremental Return @ Proposed Rates   | 753,503                | 590,342              | 174,603               | 3,911                          | 4,771             | (20,124)                   |
| 34 Incremental Income Taxes  | 479,726                | 375,848              | 111,163               | 2,490                          | 3,037             | (12,812)                   |
| 35 Incremental Uncollectibles/PSC Fees Increase  | 8,570                  | 6,714                | 1,986                 | 44                             | 54                | (229)                      |
| 36   |                        |                      |                       |                                |                   |                            |
| 37 Total Customer-Related Costs @ Proposed Rates   | 41,443,964             | 31,153,864           | 9,032,633             | 81,702                         | 51,820            | 1,123,946                  |
| 38 Customers   | 175,448                | 156,170              | 19,072                | 11                             | 123               | 71                         |
| 39 Dollars/Customer/Month  | \$ 19.68               | \$ 16.62             | \$ 39.47              | \$ 596.36                      | \$ 35.11          | \$ 1,319.19                |

| Atmos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Demand/Commodity Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                        |                      |                       |                                |                   |                            |
|--|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| SUMMARY OF DEMAND COSTS  |  |                        |                      |                       |                                |                   |                            |
|  |  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  | Rate Base                                    | 126,302,514            | 68,209,589           | 38,060,715            | 0                              | 20,032,210        | 0                          |
| 2  |  |                        |                      |                       |                                |                   |                            |
| 3  | Return @ Realized ROR                        | 9,500,937              | 4,924,301            | 2,602,908             | 28,760                         | 1,345,210         | 599,759                    |
| 4  | O&M Expenses                                 | 7,545,643              | 4,075,020            | 2,273,847             | 0                              | 1,196,777         | 0                          |
| 5  | Depreciation Expense                         | 5,512,966              | 2,977,285            | 1,661,314             | 0                              | 874,387           | 0                          |
| 6  | Taxes, Other                                 | 1,916,261              | 1,034,875            | 577,457               | 0                              | 303,929           | 0                          |
| 7  |  |                        |                      |                       |                                |                   |                            |
| 8  | Interest Expense                             | 2,917,588              | 1,575,642            | 879,203               | 0                              | 462,744           | 0                          |
| 9  |  |                        |                      |                       |                                |                   |                            |
| 10   | Income Taxes:                                |                        |                      |                       |                                |                   |                            |
| 11   |  |                        |                      |                       |                                |                   |                            |
| 12   | State Income Taxes                           | 646,483                | 328,837              | 169,267               | 2,824                          | 86,658            | 58,896                     |
| 13   | Federal Income Taxes                         | 3,544,880              | 1,803,124            | 928,149               | 15,486                         | 475,174           | 322,947                    |
| 14   | Deferred Income Taxes                        | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15   | Amortization of ITC                          | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16   |  |                        |                      |                       |                                |                   |                            |
| 17   | Total Income Taxes                           | 4,191,363              | 2,131,961            | 1,097,417             | 18,310                         | 561,832           | 381,843                    |
| 18   |  |                        |                      |                       |                                |                   |                            |
| 19   | Total Demand-Related Costs @ Realized ROR    | 28,667,191             | 15,143,442           | 8,212,943             | 47,070                         | 4,282,134         | 981,602                    |
| 20   |  |                        |                      |                       |                                |                   |                            |
| 21   |  |                        |                      |                       |                                |                   |                            |
| 22   | Incremental Return @ Equalized ROR           | 754,827                | 614,318              | 487,622               | (28,760)                       | 281,408           | (599,759)                  |
| 23   | Incremental Income Taxes                     | 480,569                | 391,113              | 310,450               | (18,310)                       | 179,180           | (391,843)                  |
| 24   | Incremental Uncollectibles/PSC Fees Increase | 8,585                  | 6,987                | 5,546                 | (327)                          | 3,200             | (6,821)                    |
| 25   |  |                        |                      |                       |                                |                   |                            |
| 26   | Total Demand-Related Costs @ Equalized ROR   | 29,911,171             | 16,155,859           | 9,016,561             | (327)                          | 4,745,900         | (6,821)                    |
| 27   |  |                        |                      |                       |                                |                   |                            |
| 28   |  |                        |                      |                       |                                |                   |                            |
| 29   | Incremental Return @ Proposed Rates          | 754,817                | 430,358              | 226,028               | 3,377                          | 118,603           | (23,549)                   |
| 30   | Incremental Income Taxes                     | 480,563                | 273,982              | 143,903               | 2,150                          | 75,510            | (14,982)                   |
| 31   | Incremental Uncollectibles/PSC Fees Increase | 8,585                  | 4,894                | 2,571                 | 38                             | 1,349             | (268)                      |
| 32   |  |                        |                      |                       |                                |                   |                            |
| 33   | Total Demand-Related Costs @ Proposed Rates  | 29,911,155             | 15,852,686           | 8,585,445             | 52,835                         | 4,477,595         | 942,793                    |

| Atmos Energy Corporation, Kentucky/Mid-States Division<br>Class Cost of Service - Demand/Commodity Study<br>Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                      |                       |                                |                   |                            |            |
|--|--|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|------------|
| SUMMARY OF COMMODITY COSTS   |  |                      |                       |                                |                   |                            |            |
|  | Total<br>Company<br>\$                         | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |            |
| 1  | Rate Base                                      | 83,447,489           | 27,827,260            | 18,156,971                     | 837,951           | 17,563,646                 | 19,061,662 |
| 2  |  |                      |                       |                                |                   |                            |            |
| 3  | Return @ Realized ROR                          | 6,277,225            | 2,093,268             | 1,365,834                      | 63,034            | 1,321,202                  | 1,433,888  |
| 4  | O&M Expenses                                   | 83,951,874           | 48,700,822            | 31,984,006                     | 1,139,996         | 1,018,857                  | 1,108,202  |
| 5  | Depreciation Expense                           | 2,989,531            | 954,463               | 622,499                        | 29,432            | 663,216                    | 719,921    |
| 6  | Taxes, Other                                   | 1,947,456            | 788,474               | 516,013                        | 21,574            | 287,910                    | 323,484    |
| 7  |  |                      |                       |                                |                   |                            |            |
| 8  | Interest Expense                               | 1,927,637            | 642,810               | 419,426                        | 19,357            | 405,720                    | 440,324    |
| 9  |  |                      |                       |                                |                   |                            |            |
| 10   | Income Taxes:                                  |                      |                       |                                |                   |                            |            |
| 11   |  |                      |                       |                                |                   |                            |            |
| 12   | State Income Taxes                             | 427,128              | 142,435               | 92,837                         | 4,289             | 89,900                     | 97,568     |
| 13   | Federal Income Taxes                           | 2,342,066            | 781,016               | 509,504                        | 23,518            | 492,652                    | 534,996    |
| 14   | Deferred Income Taxes                          | 0                    | 0                     | 0                              | 0                 | 0                          | 0          |
| 15   | Amortization of ITC                            | 0                    | 0                     | 0                              | 0                 | 0                          | 0          |
| 16   |  |                      |                       |                                |                   |                            |            |
| 17   | Total Income Taxes                             | 2,769,214            | 923,451               | 602,541                        | 27,807            | 582,852                    | 632,563    |
| 18   |  |                      |                       |                                |                   |                            |            |
| 19   | Total Commodity-Related Costs                  | 97,935,300           | 53,460,479            | 35,090,893                     | 1,281,834         | 3,884,036                  | 4,218,058  |
| 20   | Total Throughput                               | 32,865,246           | 10,336,507            | 6,783,219                      | 328,781           | 7,371,869                  | 8,044,870  |
| 21   | Commodity Costs (\$/Mcf)                       |                      | \$ 5.17201            | \$ 5.17319                     | \$ 3.89875        | \$ 0.52687                 | \$ 0.52    |
| 22   |  |                      |                       |                                |                   |                            |            |
| 23   |  |                      |                       |                                |                   |                            |            |
| 24   | Incremental Return @ Equalized ROR             | 498,711              | 166,305               | 108,512                        | 5,008             | 104,966                    | 113,919    |
| 25   | Incremental Income Taxes                       | 317,510              | 105,880               | 69,086                         | 3,188             | 66,828                     | 72,528     |
| 26   | Incremental Uncollectibles/PSC Fees Increase   | 5,672                | 1,891                 | 1,234                          | 57                | 1,194                      | 1,296      |
| 27   |  |                      |                       |                                |                   |                            |            |
| 28   | Total Commodity-Related Costs @ Equalized ROR  | 98,757,192           | 53,734,555            | 35,269,725                     | 1,290,087         | 4,057,025                  | 4,405,801  |
| 29   | Total Throughput                               | 32,865,246           | 10,336,507            | 6,783,219                      | 328,781           | 7,371,869                  | 8,044,870  |
| 30   | Commodity Costs (\$/Mcf)                       | \$ 3.00              | \$ 5.20               | \$ 5.20                        | \$ 3.92           | \$ 0.55                    | \$ 0.55    |
| 31   |  |                      |                       |                                |                   |                            |            |
| 32   |  |                      |                       |                                |                   |                            |            |
| 33   | Incremental Return @ Proposed Rates            | 498,704              | 44,765                | (64,321)                       | 26,240            | (2,597)                    | 494,617    |
| 34   | Incremental Income Taxes                       | 317,506              | 28,500                | (40,951)                       | 16,706            | (1,653)                    | 314,903    |
| 35   | Incremental Uncollectibles/PSC Fees Increase   | 5,672                | 509                   | (732)                          | 298               | (30)                       | 5,625      |
| 36   |  |                      |                       |                                |                   |                            |            |
| 37   | Total Commodity-Related Costs @ Proposed Rates | 98,757,182           | 53,534,253            | 34,984,890                     | 1,325,079         | 3,879,756                  | 5,033,204  |
| 38   | Total Throughput                               | 32,865,246           | 10,336,507            | 6,783,219                      | 328,781           | 7,371,869                  | 8,044,870  |
| 39   | Commodity Costs (\$/Mcf)                       | \$ 3.00              | \$ 5.18               | \$ 5.16                        | \$ 4.03           | \$ 0.53                    | \$ 0.63    |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                        |                      |                       |                                |                   |                            |
|--|--|------------------------|----------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Class Cost of Service - Demand/Commodity Study           |  |                        |                      |                       |                                |                   |                            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                        |                      |                       |                                |                   |                            |
| TOTAL COST OF SERVICE                                    |  |                        |                      |                       |                                |                   |                            |
|  |  | Total<br>Company<br>\$ | Residential<br>Sales | Non-Res Sales<br>Firm | Non-Res Sales<br>Interruptible | Transport<br>Firm | Transport<br>Interruptible |
| 1  | Rate Base                                    | 335,632,639            | 191,022,993          | 85,673,063            | 928,277                        | 38,680,387        | 19,627,919                 |
| 2  |  |                        |                      |                       |                                |                   |                            |
| 3  | Return @ Realized ROR                        | 25,262,560             | 13,956,460           | 5,924,778             | 127,298                        | 2,579,087         | 2,874,957                  |
| 4  | O&M Expenses                                 | 104,852,766            | 63,481,855           | 36,788,838            | 1,146,608                      | 2,287,769         | 1,149,688                  |
| 5  | Depreciation Expense                         | 19,444,466             | 11,783,701           | 5,189,032             | 39,599                         | 1,648,460         | 783,675                    |
| 6  | Taxes, Other                                 | 6,100,220              | 3,486,679            | 1,635,976             | 23,262                         | 620,237           | 334,068                    |
| 7  |  |                        |                      |                       |                                |                   |                            |
| 8  | Interest Expense                             | 7,757,734              | 4,412,631            | 1,979,048             | 21,443                         | 891,207           | 453,405                    |
| 9  |  |                        |                      |                       |                                |                   |                            |
| 10   | Income Taxes:                                |                        |                      |                       |                                |                   |                            |
| 11   |  |                        |                      |                       |                                |                   |                            |
| 12   | State Income Taxes                           | 1,718,968              | 937,201              | 387,469               | 10,395                         | 165,747           | 218,156                    |
| 13   | Federal Income Taxes                         | 9,425,675              | 5,138,985            | 2,124,824             | 58,999                         | 908,848           | 1,196,221                  |
| 14   | Deferred Income Taxes                        | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 15   | Amortization of ITC                          | 0                      | 0                    | 0                     | 0                              | 0                 | 0                          |
| 16   |  |                        |                      |                       |                                |                   |                            |
| 17   | Total Income Taxes                           | 11,144,644             | 6,076,185            | 2,512,093             | 67,394                         | 1,074,595         | 1,414,376                  |
| 18   |  |                        |                      |                       |                                |                   |                            |
| 19   | Total Cost of Service @ Realized ROR         | 166,804,655            | 98,784,880           | 52,048,717            | 1,404,160                      | 8,210,127         | 6,356,771                  |
| 20   |  |                        |                      |                       |                                |                   |                            |
| 21   |  |                        |                      |                       |                                |                   |                            |
| 22   | Incremental Return @ Equalized ROR           | 2,007,051              | 1,554,607            | 1,031,875             | (51,922)                       | 553,661           | (1,081,170)                |
| 23   | Incremental Income Taxes                     | 1,277,811              | 989,759              | 656,955               | (33,057)                       | 352,494           | (688,339)                  |
| 24   | Incremental Uncollectibles/PSC Fees Increase | 22,826                 | 17,681               | 11,736                | (591)                          | 6,297             | (12,296)                   |
| 25   |  |                        |                      |                       |                                |                   |                            |
| 26   | Total Cost of Service @ Equalized ROR        | 170,112,344            | 101,346,926          | 53,749,282            | 1,318,591                      | 9,122,579         | 4,574,965                  |
| 27   |  |                        |                      |                       |                                |                   |                            |
| 28   |  |                        |                      |                       |                                |                   |                            |
| 29   | Incremental Return @ Proposed Rates          | 2,007,025              | 1,065,465            | 336,310               | 33,528                         | 120,777           | 450,945                    |
| 30   | Incremental Income Taxes                     | 1,277,795              | 678,340              | 214,116               | 21,346                         | 76,894            | 287,099                    |
| 31   | Incremental Uncollectibles/PSC Fees Increase | 22,826                 | 12,118               | 3,825                 | 381                            | 1,374             | 5,129                      |
| 32   |  |                        |                      |                       |                                |                   |                            |
| 33   | Total Cost of Service @ Proposed Rates       | 170,112,301            | 100,540,802          | 52,602,968            | 1,459,416                      | 8,409,171         | 7,099,943                  |





| Almos Energy Corporation, Kentucky/Mid-States Division   |          |  |              |                 |                   |             |             |              |  |  |
|--|----------|--|--------------|-----------------|-------------------|-------------|-------------|--------------|--|--|
| Class Cost of Service - Demand/Commodity Study           |          |  |              |                 |                   |             |             |              |  |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |              |                 |                   |             |             |              |  |  |
| CLASSIFICATION OF GROSS PLANT IN SERVICE                 |          |  |              |                 |                   |             |             |              |  |  |
| Line No.   | Acct No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$   | Commodity \$ |  |  |
| 177  |          | Shared Services General Office:              |              |                 |                   |             |             |              |  |  |
| 178  |          | General:                                     |              |                 |                   |             |             |              |  |  |
| 179  |          | General:                                     |              |                 |                   |             |             |              |  |  |
| 180  |          |  |              |                 |                   |             |             |              |  |  |
| 181  | 37400    | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 182  | 38001    | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 183  | 38602    | Structures & Improvements                    | 264,248      | 5.4             | P, S, T & D Plant | 113,192     | 98,560      | 52,497       |  |  |
| 184  | 37503    | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 185  | 39004    | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 186  | 39009    | Improvement to leased Premises               | 507,647      | 5.4             | P, S, T & D Plant | 217,452     | 189,343     | 100,851      |  |  |
| 187  | 39100    | Office Furniture & Equipment                 | 591,034      | 5.4             | P, S, T & D Plant | 263,171     | 220,445     | 117,417      |  |  |
| 188  | 39102    | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 189  | 39103    | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 190  | 39200    | Transportation Equipment                     | 5,437        | 5.4             | P, S, T & D Plant | 2,329       | 2,028       | 1,080        |  |  |
| 191  | 39201    | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 192  | 39202    | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 193  | 39300    | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 194  | 39400    | Tools, Shop & Garage Equipment               | 84,202       | 5.4             | P, S, T & D Plant | 36,088      | 31,406      | 16,728       |  |  |
| 195  | 39500    | Laboratory Equipment                         | 1,242        | 5.4             | P, S, T & D Plant | 532         | 463         | 247          |  |  |
| 196  | 39603    | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 197  | 39604    | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 198  | 39605    | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 199  | 39700    | Communication Equipment                      | 133,888      | 5.4             | P, S, T & D Plant | 57,351      | 49,938      | 26,599       |  |  |
| 200  | 39701    | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 201  | 39702    | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 202  | 39705    | Communication Equip - Telemetry              | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 203  | 39800    | Miscellaneous Equipment                      | 28,914       | 5.4             | P, S, T & D Plant | 12,385      | 10,784      | 5,744        |  |  |
| 204  | 39800    | Other Tangible Property                      | 8,838        | 5.4             | P, S, T & D Plant | 3,785       | 3,256       | 1,756        |  |  |
| 205  | 39901    | Other Tangible Property - Servers - H/W      | 1,652,373    | 5.4             | P, S, T & D Plant | 707,799     | 616,307     | 328,268      |  |  |
| 206  | 39902    | Other Tangible Property - Servers - S/W      | 1,013,025    | 5.4             | P, S, T & D Plant | 433,932     | 377,641     | 201,252      |  |  |
| 207  | 39903    | Other Tangible Property - Network - H/W      | 178,623      | 5.4             | P, S, T & D Plant | 76,614      | 66,623      | 35,486       |  |  |
| 208  | 39904    | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 209  | 39905    | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 210  | 39906    | Other Tang. Property - PC Hardware           | 119,949      | 5.4             | P, S, T & D Plant | 51,380      | 44,739      | 23,830       |  |  |
| 211  | 39907    | Other Tang. Property - PC Software           | 38,076       | 5.4             | P, S, T & D Plant | 15,453      | 13,456      | 7,167        |  |  |
| 212  | 39908    | Other Tang. Property - Mainframe S/W         | 6,431,695    | 5.4             | P, S, T & D Plant | 2,754,992   | 2,398,873   | 1,277,730    |  |  |
| 213  | 39909    | Other Tang. Property - Application Software  | 51,664       | 5.4             | P, S, T & D Plant | 22,130      | 19,270      | 10,264       |  |  |
| 214  | 39924    | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 215  |          |  |              |                 |                   |             |             |              |  |  |
| 216  |          | Total General Plant                          | 11,108,756   |                 |                   | 4,759,467   | 4,143,373   | 2,206,917    |  |  |
| 217  |          |  |              |                 |                   |             |             |              |  |  |
| 218  |          | CWIP w/o AFUDC                               | 620,248      | 5.4             | P, S, T & D Plant | 265,686     | 231,342     | 123,221      |  |  |
| 219  |          |  |              |                 |                   |             |             |              |  |  |
| 220  |          | Shared Services Customer Support:            |              |                 |                   |             |             |              |  |  |
| 221  |          | General:                                     |              |                 |                   |             |             |              |  |  |
| 222  |          | General:                                     |              |                 |                   |             |             |              |  |  |
| 223  |          |  |              |                 |                   |             |             |              |  |  |
| 224  | 37400    | Land & Land Rights                           | 184,639      | 5.4             | P, S, T & D Plant | 79,091      | 68,867      | 36,681       |  |  |
| 225  | 38001    | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 226  | 38602    | Structures & Improvements                    | 837,684      | 5.4             | P, S, T & D Plant | 358,624     | 312,442     | 166,418      |  |  |
| 227  | 37503    | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 228  | 39004    | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 229  | 39009    | Improvement to leased Premises               | 245,537      | 5.4             | P, S, T & D Plant | 105,177     | 91,581      | 48,780       |  |  |
| 230  | 39100    | Office Furniture & Equipment                 | 130,678      | 5.4             | P, S, T & D Plant | 65,978      | 48,741      | 25,981       |  |  |
| 231  | 39102    | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 232  | 39103    | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 233  | 39200    | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 234  | 39201    | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 235  | 39202    | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 236  | 39300    | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 237  | 39400    | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 238  | 39500    | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 239  | 39603    | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 240  | 39604    | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 241  | 39605    | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 242  | 39700    | Communication Equipment                      | 115,063      | 5.4             | P, S, T & D Plant | 49,288      | 42,917      | 22,859       |  |  |
| 243  | 39701    | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 244  | 39702    | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 245  | 39705    | Communication Equip - Telemetry              | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 246  | 39800    | Miscellaneous Equipment                      | 3,476        | 5.4             | P, S, T & D Plant | 1,489       | 1,296       | 690          |  |  |
| 247  | 39800    | Other Tangible Property                      | 36,937       | 5.4             | P, S, T & D Plant | 15,622      | 13,777      | 7,338        |  |  |
| 248  | 39901    | Other Tangible Property - Servers - H/W      | 469,909      | 5.4             | P, S, T & D Plant | 200,859     | 174,895     | 93,166       |  |  |
| 249  | 39902    | Other Tangible Property - Servers - S/W      | 104,865      | 5.4             | P, S, T & D Plant | 44,919      | 39,113      | 20,833       |  |  |
| 250  | 39903    | Other Tangible Property - Network - H/W      | 36,067       | 5.4             | P, S, T & D Plant | 15,449      | 13,452      | 7,165        |  |  |
| 251  | 39904    | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 252  | 39905    | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 253  | 39906    | Other Tang. Property - PC Hardware           | 59,881       | 5.4             | P, S, T & D Plant | 25,650      | 22,335      | 11,896       |  |  |
| 254  | 39907    | Other Tang. Property - PC Software           | 11,765       | 5.4             | P, S, T & D Plant | 5,040       | 4,388       | 2,337        |  |  |
| 255  | 39908    | Other Tang. Property - Mainframe S/W         | 6,431,390    | 5.4             | P, S, T & D Plant | 2,754,904   | 2,398,797   | 1,277,690    |  |  |
| 256  | 39909    | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 257  | 39924    | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -           | -            |  |  |
| 258  |          |  |              |                 |                   |             |             |              |  |  |
| 259  |          | Total General Plant                          | 8,658,882    |                 |                   | 3,712,467   | 3,232,600   | 1,721,605    |  |  |
| 260  |          |  |              |                 |                   |             |             |              |  |  |
| 261  |          | CWIP w/o AFUDC                               | 74,130       | 5.4             | P, S, T & D Plant | 31,754      | 27,649      | 14,727       |  |  |
| 262  |          |  |              |                 |                   |             |             |              |  |  |
| 263  |          | TOTAL PLANT IN SERVICE                       | 552,599,040  |                 |                   | 235,707,336 | 206,109,627 | 109,781,877  |  |  |
| 264  |          |  |              |                 |                   |             |             |              |  |  |
| 265  |          | TOTAL CWIP W/O AFUDC                         | 14,731,739   |                 |                   | 6,310,381   | 5,484,682   | 2,928,675    |  |  |

| Almos Energy Corporation, Kentucky/Mid-States Division      |           |                                    |              |                 |                        |             |            |              |  |  |
|---|-----------|------------------------------------|--------------|-----------------|------------------------|-------------|------------|--------------|--|--|
| Class Cost of Service - Demand/Commodity Study              |           |                                    |              |                 |                        |             |            |              |  |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017    |           |                                    |              |                 |                        |             |            |              |  |  |
| CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION |           |                                    |              |                 |                        |             |            |              |  |  |
| Line No.  | Acct. No. |                                    | Test Year \$ | Classif. Factor | Classif. Basis         | Customer \$ | Demand \$  | Commodity \$ |  |  |
|   |           | Intangible Plant:                  |              |                 |                        |             |            |              |  |  |
| 3   | 90100     | Organization                       | 8,330        | 5.4             | P, S, T & D Plant      | 3,688       | 3,107      | 1,655        |  |  |
| 4   | 30200     | Franchises & Consents              | 119,853      | 5.4             | P, S, T & D Plant      | 51,339      | 44,703     | 23,810       |  |  |
| 5   | 90300     | Misc Intangible Plant              | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 7   |           | Total Intangible Plant:            | 128,182      |                 |                        | 54,907      | 47,810     | 25,465       |  |  |
|   |           | Production Plant:                  |              |                 |                        |             |            |              |  |  |
| 11  | 32520     | Producing Leaseholds               | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 12  | 32540     | Rights of Ways                     | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 13  | 33100     | Production Gas Wells Equipment     | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 14  | 33201     | Field Lines                        | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 15  | 33202     | Tributary Lines                    | (28,968)     | 3.0             | Commodity              | -           | -          | (28,968)     |  |  |
| 16  | 33400     | Field Meas. & Reg. Sta. Equip      | 1,572        | 3.0             | Commodity              | -           | -          | 1,572        |  |  |
| 17  | 33600     | Purification Equipment             | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 19  |           | Total Production Plant             | (27,396)     |                 |                        | 0           | 0          | (27,396)     |  |  |
|   |           | Storage Plant:                     |              |                 |                        |             |            |              |  |  |
| 23  | 35010     | Land                               | -            | 3.5             | Storage (50/50)        | -           | -          | -            |  |  |
| 24  | 35020     | Rights of Way                      | 5,420        | 3.5             | Storage (50/50)        | -           | 2,710      | 2,710        |  |  |
| 25  | 35100     | Structures and Improvements        | 5,500        | 3.5             | Storage (50/50)        | -           | 2,750      | 2,750        |  |  |
| 26  | 35102     | Compression Station Equipment      | 109,890      | 3.5             | Storage (50/50)        | -           | 54,940     | 54,940       |  |  |
| 27  | 35103     | Meas. & Reg. Sta. Structures       | 20,055       | 3.5             | Storage (50/50)        | -           | 10,027     | 10,027       |  |  |
| 28  | 35104     | Other Structures                   | 96,228       | 3.5             | Storage (50/50)        | -           | 48,113     | 48,113       |  |  |
| 29  | 35200     | Wells \ Rights of Way              | 1,016,576    | 3.5             | Storage (50/50)        | -           | 508,288    | 508,288      |  |  |
| 30  | 35201     | Well Construction                  | 1,387,547    | 3.5             | Storage (50/50)        | -           | 683,774    | 683,774      |  |  |
| 31  | 35202     | Well Equipment                     | 379,066      | 3.5             | Storage (50/50)        | -           | 189,533    | 189,533      |  |  |
| 32  | 35203     | Cushion Gas                        | 681,485      | 3.5             | Storage (50/50)        | -           | 340,743    | 340,743      |  |  |
| 33  | 35210     | Leaseholds                         | 166,388      | 3.5             | Storage (50/50)        | -           | 83,194     | 83,194       |  |  |
| 34  | 35211     | Storage Rights                     | 43,076       | 3.5             | Storage (50/50)        | -           | 21,538     | 21,538       |  |  |
| 35  | 35301     | Field Lines                        | 154,142      | 3.5             | Storage (50/50)        | -           | 77,071     | 77,071       |  |  |
| 36  | 35302     | Tributary Lines                    | 213,182      | 3.5             | Storage (50/50)        | -           | 106,591    | 106,591      |  |  |
| 37  | 35400     | Compressor Station Equipment       | 480,600      | 3.5             | Storage (50/50)        | -           | 240,303    | 240,303      |  |  |
| 38  | 35500     | Meas & Reg. Equipment              | 206,592      | 3.5             | Storage (50/50)        | -           | 103,296    | 103,296      |  |  |
| 39  | 35600     | Purification Equipment             | 157,701      | 3.5             | Storage (50/50)        | -           | 78,850     | 78,850       |  |  |
| 41  |           | Total Storage Plant                | 5,103,440    |                 |                        | 0           | 2,651,720  | 2,651,720    |  |  |
|   |           | Transmission:                      |              |                 |                        |             |            |              |  |  |
| 45  | 36510     | Land & Land Rights                 | -            | 2.0             | Demand                 | -           | -          | -            |  |  |
| 46  | 36520     | Rights of Way                      | 452,087      | 2.0             | Demand                 | -           | 452,087    | -            |  |  |
| 47  | 36602     | Structures & Improvements          | 13,411       | 2.0             | Demand                 | -           | 13,411     | -            |  |  |
| 48  | 36603     | Other Structures                   | 47,280       | 2.0             | Demand                 | -           | 47,280     | -            |  |  |
| 49  | 36700     | Mains Cathodic Protection          | 130,362      | 2.0             | Demand                 | -           | 130,362    | -            |  |  |
| 50  | 36701     | Mains - Steel                      | 18,289,712   | 2.0             | Demand                 | -           | 18,289,712 | -            |  |  |
| 51  | 36900     | Meas. & Reg. Equipment             | 287,055      | 2.0             | Demand                 | -           | 287,055    | -            |  |  |
| 52  | 36901     | Meas. & Reg. Equipment             | 1,454,876    | 2.0             | Demand                 | -           | 1,454,876  | -            |  |  |
| 54  |           | Total Transmission Plant           | 20,655,404   |                 |                        | 0           | 20,655,404 | 0            |  |  |
|   |           | Distribution:                      |              |                 |                        |             |            |              |  |  |
| 58  | 37400     | Land & Land Rights                 | (0)          | 4.0             | Mains (Peak & Average) | -           | (0)        | (0)          |  |  |
| 59  | 37401     | Land                               | -            | 4.0             | Mains (Peak & Average) | -           | -          | -            |  |  |
| 60  | 37402     | Land Rights                        | 120,248      | 4.0             | Mains (Peak & Average) | -           | 74,187     | 46,061       |  |  |
| 61  | 37403     | Land Other                         | -            | 4.0             | Mains (Peak & Average) | -           | -          | -            |  |  |
| 62  | 37500     | Structures & Improvements          | 93,080       | 4.0             | Mains (Peak & Average) | -           | 57,426     | 35,654       |  |  |
| 63  | 37501     | Structures & Improvements T.B.     | 62,867       | 4.0             | Mains (Peak & Average) | -           | 38,786     | 24,081       |  |  |
| 64  | 37502     | Land Rights                        | 31,717       | 4.0             | Mains (Peak & Average) | -           | 19,668     | 12,149       |  |  |
| 65  | 37503     | Improvements                       | 1,648        | 4.0             | Mains (Peak & Average) | -           | 1,017      | 631          |  |  |
| 66  | 37600     | Mains Cathodic Protection          | 12,563,726   | 4.0             | Mains (Peak & Average) | -           | 7,761,221  | 4,812,505    |  |  |
| 67  | 37601     | Mains - Steel                      | 25,503,852   | 4.0             | Mains (Peak & Average) | -           | 15,734,684 | 9,769,168    |  |  |
| 68  | 37602     | Mains - Plastic                    | 14,330,470   | 4.0             | Mains (Peak & Average) | -           | 8,841,218  | 5,489,251    |  |  |
| 69  | 37800     | Meas & Reg. Sta. Equip - General   | 2,038,790    | 4.0             | Mains (Peak & Average) | -           | 1,267,837  | 780,954      |  |  |
| 70  | 37900     | Meas & Reg. Sta. Equip - City Gate | 636,817      | 4.0             | Mains (Peak & Average) | -           | 392,886    | 243,931      |  |  |
| 71  | 37905     | Meas & Reg. Sta. Equipment T.b.    | 872,464      | 4.0             | Mains (Peak & Average) | -           | 538,269    | 334,195      |  |  |
| 72  | 38000     | Services                           | 41,215,393   | 1.0             | Customer               | 41,215,393  | -          | -            |  |  |
| 73  | 38100     | Meters                             | 17,354,749   | 1.0             | Customer               | 17,354,749  | -          | -            |  |  |
| 74  | 38200     | Meter Installations                | 22,442,436   | 1.0             | Customer               | 22,442,436  | -          | -            |  |  |
| 75  | 38300     | House Regulators                   | 3,998,848    | 1.0             | Customer               | 3,998,848   | -          | -            |  |  |
| 76  | 38400     | House Reg. Installations           | 76,960       | 1.0             | Customer               | 76,960      | -          | -            |  |  |
| 77  | 38600     | Ind. Meas. & Reg. Sta. Equipment   | 2,791,805    | 1.0             | Customer               | 2,791,805   | -          | -            |  |  |
| 78  | 38600     | Other Prop. On Cust. Prem.         | -            | 99.0            | -                      | -           | -          | -            |  |  |
| 80  |           | Total Distribution Plant           | 143,535,642  |                 |                        | 67,260,162  | 34,707,079 | 21,548,801   |  |  |



| Atmos Energy Corporation, Kentucky/Mid-States Division      |                                   |  |                 |                   |             |            |              |   |
|---|-----------------------------------|--|-----------------|-------------------|-------------|------------|--------------|---|
| Class Cost of Service - Demand/Commodity Study              |                                   |  |                 |                   |             |            |              |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017    |                                   |  |                 |                   |             |            |              |   |
| CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION |                                   |  |                 |                   |             |            |              |   |
| Line No.  | Acct. No.                         | Test Year \$                                 | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$  | Commodity \$ |   |
| 175   | Shared Services General Office:   |  |                 |                   |             |            |              |   |
| 176   | General:                          |  |                 |                   |             |            |              |   |
| 177   |                                   |  |                 |                   |             |            |              |   |
| 178   | 37400                             | Land & Land Rights                           | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 180   | 39000                             | Structures & Improvements                    | 5.4             | P, S, T & D Plant | 35,879      | 31,329     | 19,695       | - |
| 181   | 36602                             | Structures & Improvements                    | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 182   | 37503                             | Improvements                                 | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 183   | 39004                             | Air Conditioning Equipment                   | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 184   | 39009                             | Improvement to leased Premises               | 5.4             | P, S, T & D Plant | 211,162     | 193,867    | 97,934       | - |
| 185   | 39100                             | Office Furniture & Equipment                 | 5.4             | P, S, T & D Plant | 147,949     | 129,302    | 68,339       | - |
| 186   | 39102                             | Remittance Processing Equip                  | 5.4             | P, S, T & D Plant | 192         | 116        | 61           | - |
| 187   | 39103                             | Office Machines                              | 5.4             | P, S, T & D Plant | 85          | 67         | 30           | - |
| 188   | 39200                             | Transportation Equipment                     | 5.4             | P, S, T & D Plant | 2,330       | 2,029      | 1,081        | - |
| 189   | 39201                             | Trucks                                       | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 190   | 39202                             | Trailers                                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 191   | 39300                             | Stores Equipment                             | 5.4             | P, S, T & D Plant | 17          | 15         | 8            | - |
| 192   | 39400                             | Tools, Shop & Garage Equipment               | 5.4             | P, S, T & D Plant | 5,077       | 4,421      | 2,355        | - |
| 193   | 39500                             | Laboratory Equipment                         | 5.4             | P, S, T & D Plant | 248         | 216        | 115          | - |
| 194   | 39603                             | Ditchers                                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 195   | 39604                             | Backhoes                                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 196   | 39605                             | Welders                                      | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 197   | 39700                             | Communication Equipment                      | 5.4             | P, S, T & D Plant | 32,217      | 28,052     | 14,942       | - |
| 198   | 39701                             | Communication Equipment - Mobile Radios      | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 199   | 39702                             | Communication Equipment - Fixed Radios       | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 200   | 39705                             | Communication Equip. - Telemetering          | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 201   | 39800                             | Miscellaneous Equipment                      | 5.4             | P, S, T & D Plant | 3,163       | 2,754      | 1,467        | - |
| 202   | 39900                             | Other Tangible Property                      | 5.4             | P, S, T & D Plant | 3,146       | 2,738      | 1,458        | - |
| 203   | 39901                             | Other Tangible Property - Servers - H/W      | 5.4             | P, S, T & D Plant | 200,389     | 174,486    | 92,998       | - |
| 204   | 39902                             | Other Tangible Property - Servers - S/W      | 5.4             | P, S, T & D Plant | 205,513     | 178,947    | 95,314       | - |
| 205   | 39903                             | Other Tangible Property - Network - H/W      | 5.4             | P, S, T & D Plant | 33,521      | 29,188     | 15,546       | - |
| 206   | 39904                             | Other Tang. Property - CPU                   | 5.4             | P, S, T & D Plant | 389         | 338        | 179          | - |
| 207   | 39905                             | Other Tangible Property - MF - Hardware      | 5.4             | P, S, T & D Plant | 347         | 302        | 161          | - |
| 208   | 39906                             | Other Tang. Property - PC Hardware           | 5.4             | P, S, T & D Plant | 33,686      | 29,332     | 15,623       | - |
| 209   | 39907                             | Other Tang. Property - PC Software           | 5.4             | P, S, T & D Plant | 12,726      | 11,081     | 5,902        | - |
| 210   | 39908                             | Other Tang. Property - Mainframe S/W         | 5.4             | P, S, T & D Plant | 1,953,631   | 1,701,098  | 906,069      | - |
| 211   | 39909                             | Other Tang. Property - Application Software  | 5.4             | P, S, T & D Plant | 24,743      | 21,545     | 11,476       | - |
| 212   | 39924                             | Other Tang. Property - General Startup Costs | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 213   |                                   | Retirement Work in Progress                  | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 214   |                                   | Total General Plant                          | 6,783,719       |                   | 2,905,625   | 2,530,209  | 1,347,685    |   |
| 216   | Shared Services Customer Support: |  |                 |                   |             |            |              |   |
| 217   | General:                          |  |                 |                   |             |            |              |   |
| 218   |                                   |  |                 |                   |             |            |              |   |
| 219   |                                   |  |                 |                   |             |            |              |   |
| 220   | 37400                             | Land & Land Rights                           | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 222   | 39001                             | Structures Frame                             | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 223   | 36602                             | Structures & Improvements                    | 5.4             | P, S, T & D Plant | 104,612     | 91,090     | 48,518       | - |
| 224   | 37503                             | Improvements                                 | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 225   | 39004                             | Air Conditioning Equipment                   | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 226   | 39009                             | Improvement to leased Premises               | 5.4             | P, S, T & D Plant | 93,341      | 81,276     | 43,290       | - |
| 227   | 39100                             | Office Furniture & Equipment                 | 5.4             | P, S, T & D Plant | 10,932      | 9,619      | 5,070        | - |
| 228   | 39102                             | Remittance Processing Equip                  | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 229   | 39103                             | Office Machines                              | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 230   | 39200                             | Transportation Equipment                     | 5.4             | P, S, T & D Plant | 4           | 4          | 2            | - |
| 231   | 39201                             | Trucks                                       | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 232   | 39202                             | Trailers                                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 233   | 39300                             | Stores Equipment                             | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 234   | 39400                             | Tools, Shop & Garage Equipment               | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 235   | 39600                             | Power Operated Equipment                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 236   | 39603                             | Ditchers                                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 237   | 39604                             | Backhoes                                     | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 238   | 39605                             | Welders                                      | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 239   | 39700                             | Communication Equipment                      | 5.4             | P, S, T & D Plant | (145,623)   | (126,712)  | (67,492)     | - |
| 240   | 39701                             | Communication Equipment - Mobile Radios      | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 241   | 39702                             | Communication Equipment - Fixed Radios       | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 242   | 39705                             | Communication Equip. - Telemetering          | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 243   | 39800                             | Miscellaneous Equipment                      | 5.4             | P, S, T & D Plant | 86          | 75         | 40           | - |
| 244   | 39900                             | Other Tangible Property                      | 5.4             | P, S, T & D Plant | 7,548       | 6,573      | 3,501        | - |
| 245   | 39901                             | Other Tangible Property - Servers - H/W      | 5.4             | P, S, T & D Plant | 93,235      | 81,183     | 43,241       | - |
| 246   | 39902                             | Other Tangible Property - Servers - S/W      | 5.4             | P, S, T & D Plant | 26,210      | 22,822     | 12,156       | - |
| 247   | 39903                             | Other Tangible Property - Network - H/W      | 5.4             | P, S, T & D Plant | 2,865       | 2,495      | 1,329        | - |
| 248   | 39904                             | Other Tang. Property - CPU                   | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 249   | 39905                             | Other Tangible Property - MF - Hardware      | 5.4             | P, S, T & D Plant | -           | -          | -            | - |
| 250   | 39906                             | Other Tang. Property - PC Hardware           | 5.4             | P, S, T & D Plant | (862)       | (750)      | (400)        | - |
| 251   | 39907                             | Other Tang. Property - PC Software           | 5.4             | P, S, T & D Plant | (127)       | (111)      | (59)         | - |
| 252   | 39908                             | Other Tang. Property - Mainframe S/W         | 5.4             | P, S, T & D Plant | 1,225,057   | 1,068,703  | 568,166      | - |
| 253   | 39909                             | Other Tang. Property - Application Software  | 5.4             | P, S, T & D Plant | 299         | 261        | 134          | - |
| 254   | 39924                             | Other Tang. Property - General Startup Costs | 5.4             | P, S, T & D Plant | 640         | 557        | 292          | - |
| 255   |                                   | Retirement Work in Progress                  | 5.4             | P, S, T & D Plant | 189         | 172        | 97           | - |
| 256   |                                   | Total General Plant                          | 3,311,541       |                   | 1,418,608   | 1,235,147  | 657,896      |   |
| 257   | TOTAL RESERVE FOR DEPRECIATION    |  |                 |                   |             |            |              |   |
| 258   |                                   |  | 179,617,428     |                   | 91,713,673  | 61,774,625 | 26,328,131   |   |
| 259   |                                   |  |                 |                   |             |            |              |   |

| Almos Energy Corporation, Kentucky/Mid-States Division   |   |              |          |                        |              |              |              |
|--|---|--------------|----------|------------------------|--------------|--------------|--------------|
| Class Cost of Service - Demand/Commodity Study           |   |              |          |                        |              |              |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |              |          |                        |              |              |              |
| CLASSIFICATION OF OTHER RATE BASE                        |   |              |          |                        |              |              |              |
|  |   | Test Year    | Classif. | Classif.               | Customer     | Demand       | Commodity    |
|  |   | \$           | Factor   | Basis                  | \$           | \$           | \$           |
| 1  | Rate Base Additions:                        |              |          |                        |              |              |              |
| 2  |   |              |          |                        |              |              |              |
| 3  | Materials and Supplies - KY Direct          | (735,803)    | 9.1      | Allocated O&M Expenses | (93,720)     | (52,951)     | (589,131)    |
| 4  | Materials and Supplies - KY Mid-States GO   | 1,206,937    | 9.1      | Allocated O&M Expenses | 153,729      | 86,856       | 966,352      |
| 5  | Materials and Supplies - Shared Services GO | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -            |
| 6  | Materials and Supplies - Shared Services CS | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -            |
| 7  | Gas Storage Inventory                       | 6,229,573    | 3.0      | Commodity              | -            | -            | 6,229,573    |
| 8  | Prepayments - KY Direct                     | 198,051      | 9.1      | Allocated O&M Expenses | 25,228       | 14,253       | 158,572      |
| 9  | Prepayments - KY Mid-States GO              | 1,577        | 9.1      | Allocated O&M Expenses | 201          | 114          | 1,263        |
| 10   | Prepayments - Shared Services GO            | 1,354,285    | 9.1      | Allocated O&M Expenses | 172,497      | 97,460       | 1,084,328    |
| 11   | Prepayments - Shared Services CS            | 0            | 9.1      | Allocated O&M Expenses | -            | -            | -            |
| 12   | Cash Working Capital                        | 3,184,324    | 9.1      | Allocated O&M Expenses | 405,592      | 229,157      | 2,549,574    |
| 13   | Regulatory Assets                           | 368,199      | 9.1      | Allocated O&M Expenses | 46,898       | 26,497       | 294,804      |
| 14   |   |              |          |                        |              |              |              |
| 15   | Total Rate Base Additions                   | 11,807,144   |          |                        | 710,423      | 401,385      | 10,695,335   |
| 16   |   |              |          |                        |              |              |              |
| 17   |   |              |          |                        |              |              |              |
| 18   | Rate Base Deductions:                       |              |          |                        |              |              |              |
| 19   |   |              |          |                        |              |              |              |
| 20   | Customer Advances - KY Direct               | (1,767,642)  | 1.0      | Customer               | (1,767,642)  | -            | -            |
| 21   | Customer Advances - KY Mid-States GO        | 0            | 1.0      | Customer               | -            | -            | -            |
| 22   | Customer Advances - Shared Services GO      | 0            | 1.0      | Customer               | -            | -            | -            |
| 23   | Customer Advances - Shared Services CS      | 0            | 1.0      | Customer               | -            | -            | -            |
| 24   | ADIT - KY Direct                            | (79,368,383) | 5.7      | Net Plant              | (30,972,508) | (30,670,742) | (17,723,134) |
| 25   | ADIT - KY Mid-States GO                     | (139,007)    | 5.7      | Net Plant              | (54,247)     | (53,718)     | (31,041)     |
| 26   | ADIT - Shared Services GO                   | 25,085,748   | 5.7      | Net Plant              | 9,789,643    | 9,894,262    | 5,601,844    |
| 27   | ADIT - Shared Services CS                   | (1,668,954)  | 5.7      | Net Plant              | (659,110)    | (652,888)    | (377,157)    |
| 28   | Change in Net Operating Loss Carryforward   | (5,811,617)  | 5.7      | Net Plant              | (2,267,967)  | (2,245,870)  | (1,297,779)  |
| 29   |   |              |          |                        |              |              |              |
| 30   | Total Rate Base Deductions                  | (63,687,855) |          |                        | (25,931,831) | (23,928,756) | (13,827,267) |
| 31   |   |              |          |                        |              |              |              |
| 32   |   |              |          |                        |              |              |              |
| 33   | TOTAL OTHER RB                              | (51,880,711) |          |                        | (25,221,408) | (23,527,371) | (3,131,932)  |
| 34   |   |              |          |                        |              |              |              |
| 35   | Interest on Customer Deposits               | 0            | 1.0      | Customer               | -            | -            | -            |



| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |  |              |                 |                 |             |           |              |
|--|-----------|--|--------------|-----------------|-----------------|-------------|-----------|--------------|
| Class Cost of Service - Demand/Commodity Study           |           |  |              |                 |                 |             |           |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |  |              |                 |                 |             |           |              |
| CLASSIFICATION OF O&M EXPENSE                            |           |  |              |                 |                 |             |           |              |
| Line No.   | Acct. No. | Description  | Test Year \$ | Classif. Factor | Classif. Basis  | Customer \$ | Demand \$ | Commodity \$ |
| 1  |           | Production & Gathering:                            |              |                 |                 |             |           |              |
| 2  |           | Operation:   |              |                 |                 |             |           |              |
| 3  | 7500      | Op., Sup., & Eng.                                  | 0            | 99.0            |                 |             |           |              |
| 4  | 7510      | Production Maps & Records                          | 0            | 99.0            |                 |             |           |              |
| 5  | 7530      | Field Lines Expenses                               | 0            | 99.0            |                 |             |           |              |
| 6  | 7540      | Field Compressor Station Expense                   | 0            | 99.0            |                 |             |           |              |
| 7  | 7550      | Field Compressor Sta. Fuel & Pow.                  | 0            | 99.0            |                 |             |           |              |
| 8  | 7560      | Field Meas. & Regul. Station Exp                   | 104          | 3.0             | Commodity       |             |           | 104          |
| 9  | 7570      | Purification Expense                               | 0            | 99.0            |                 |             |           |              |
| 10   | 7580      | Other Expenses                                     | 0            | 99.0            |                 |             |           |              |
| 11   |           | Maintenance:                                       |              |                 |                 |             |           |              |
| 12   | 7610      | Maint. Sup., & Eng.                                | 0            | 99.0            |                 |             |           |              |
| 13   | 7620      | Structures and Improvements                        | 0            | 99.0            |                 |             |           |              |
| 14   | 7640      | Field Line Maintenance                             | 0            | 99.0            |                 |             |           |              |
| 15   | 7650      | Compressor Station Equip. Maint.                   | 0            | 99.0            |                 |             |           |              |
| 16   | 7660      | Meas. & Regul. Station Equip Maint                 | 0            | 99.0            |                 |             |           |              |
| 17   | 7670      | Purification Equipment Maintenance                 | 0            | 99.0            |                 |             |           |              |
| 18   | 7680      | Other Equipment Maintenance                        | 0            | 99.0            |                 |             |           |              |
| 19   | 7690      | Gas Processed by Others                            | 0            | 99.0            |                 |             |           |              |
| 20   |           | Total Production & Gathering                       | 104          |                 |                 | 0           | 0         | 104          |
| 21   |           | Other Gas Supply Expenses:                         |              |                 |                 |             |           |              |
| 22   |           | Operation:   |              |                 |                 |             |           |              |
| 24   | 8001      | Intercompany Gas Well-head/Field Line Purchases    | 1,391,074    | 3.0             | Commodity       |             |           | 1,391,074    |
| 25   | 8040      | Natural Gas City Gate Purchases                    | 54,630,686   | 3.0             | Commodity       |             |           | 54,630,686   |
| 26   | 8045      | Transportation to City Gate                        | 0            | 3.0             | Commodity       |             |           |              |
| 27   | 8050      | Transmission-Operation supervision and engineering | 16,638       | 3.0             | Commodity       |             |           | 16,638       |
| 28   | 8051      | Other Gas Purchases / Gas Cost Adjustments         | 50,020,638   | 3.0             | Commodity       |             |           | 50,020,638   |
| 29   | 8052      | PGA for Commercial                                 | 24,814,110   | 3.0             | Commodity       |             |           | 24,814,110   |
| 30   | 8053      | PGA for Industrial                                 | 4,715,343    | 3.0             | Commodity       |             |           | 4,715,343    |
| 31   | 8054      | PGA for Public Authority                           | 5,349,099    | 3.0             | Commodity       |             |           | 5,349,099    |
| 32   | 8057      | PGA for Transportation Sales                       | 0            | 3.0             | Commodity       |             |           |              |
| 33   | 8058      | Unbilled Pick Costs                                | (5,516,159)  | 3.0             | Commodity       |             |           | (5,516,159)  |
| 34   | 8059      | PGA Offset to Unrecovered Gas Cost                 | (80,142,158) | 3.0             | Commodity       |             |           | (80,142,158) |
| 35   | 8060      | Exchange Gas                                       | (1,334,672)  | 3.0             | Commodity       |             |           | (1,334,672)  |
| 36   | 8061      | Gas Withdrawn From Storage - Debit                 | 20,002,883   | 3.0             | Commodity       |             |           | 20,002,883   |
| 37   | 8062      | Gas Delivered to Storage                           | (16,514,585) | 3.0             | Commodity       |             |           | (16,514,585) |
| 38   | 8120      | Gas Used for Other Utility Operations              | (10,856)     | 3.0             | Commodity       |             |           | (10,856)     |
| 39   | 8690      | Transmission and compression of gas by others      | 21,950,138   | 3.0             | Commodity       |             |           | 21,950,138   |
| 40   |           | Maintenance:                                       |              |                 |                 |             |           |              |
| 41   | 8350      | Maint. Of Purch. Gas Meas. Sta.                    | 0            | 3.0             | Commodity       |             |           |              |
| 42   |           | Total Other Gas Supply Expenses                    | 79,378,177   |                 |                 | 0           | 0         | 79,378,177   |
| 43   |           | Underground Storage:                               |              |                 |                 |             |           |              |
| 44   |           | Operation:   |              |                 |                 |             |           |              |
| 46   | 8140      | Op., Sup., & Eng.                                  | (73)         | 3.5             | Storage (50/50) |             | (37)      | (37)         |
| 47   | 8150      | Maps & Records                                     | 0            | 3.5             | Storage (50/50) |             |           |              |
| 48   | 8160      | Wells Expense                                      | 92,007       | 3.5             | Storage (50/50) |             | 46,003    | 46,003       |
| 49   | 8170      | Lines Expense                                      | 36,435       | 3.5             | Storage (50/50) |             | 18,217    | 18,217       |
| 50   | 8180      | Compressor Station Expense                         | 26,327       | 3.5             | Storage (50/50) |             | 13,164    | 13,164       |
| 51   | 8190      | Compressor Station Fuel & Power                    | 697          | 3.5             | Storage (50/50) |             | 348       | 348          |
| 52   | 8200      | Meas. & Regul. Station Expenses                    | 2,740        | 3.5             | Storage (50/50) |             | 1,370     | 1,370        |
| 53   | 8210      | Purification Expenses                              | 46,480       | 3.5             | Storage (50/50) |             | 23,240    | 23,240       |
| 54   | 8220      | Exploration & Development                          | 0            | 3.5             | Storage (50/50) |             |           |              |
| 55   | 8230      | Gas Losses   | 0            | 3.5             | Storage (50/50) |             |           |              |
| 56   | 8240      | Other Expenses                                     | 1,278        | 3.5             | Storage (50/50) |             | 639       | 639          |
| 57   | 8250      | Storage Well Royalties                             | 7,368        | 3.5             | Storage (50/50) |             | 3,684     | 3,684        |
| 58   | 8250      | Rents  | 0            | 3.5             | Storage (50/50) |             |           |              |
| 59   |           | Maintenance:                                       |              |                 |                 |             |           |              |
| 60   | 8300      | Maint. Sup., & Eng.                                | 0            | 3.5             | Storage (50/50) |             |           |              |
| 61   | 8310      | Structures and Improvements                        | 3,834        | 3.5             | Storage (50/50) |             | 1,917     | 1,917        |
| 62   | 8320      | Reservoirs & Wells Maintenance                     | 0            | 3.5             | Storage (50/50) |             |           |              |
| 63   | 8330      | Line Maintenance                                   | 0            | 3.5             | Storage (50/50) |             |           |              |
| 64   | 8340      | Compressor Station Equip Maint                     | 3,106        | 3.5             | Storage (50/50) |             | 1,553     | 1,553        |
| 65   | 8350      | Meas. & Regul. Station Equip Maint                 | 2,424        | 3.5             | Storage (50/50) |             | 1,212     | 1,212        |
| 66   | 8360      | Purification Equipment Maintenance                 | 245          | 3.5             | Storage (50/50) |             | 124       | 124          |
| 67   | 8370      | Other Storage Exp. - LNG                           | 120,336      | 3.5             | Storage (50/50) |             | 64,668    | 64,668       |
| 68   |           | Total Underground Storage Expense                  | 352,208      |                 |                 | 0           | 176,103   | 176,103      |
| 69   |           | Transmission:                                      |              |                 |                 |             |           |              |
| 70   |           | Operation:   |              |                 |                 |             |           |              |
| 72   | 8500      | Op., Sup., & Eng.                                  | 0            | 2.0             | Demand          |             |           |              |
| 73   | 8510      | System Control & Load Dispatching                  | 0            | 2.0             | Demand          |             |           |              |
| 74   | 8520      | Communication Systems Expense                      | 0            | 2.0             | Demand          |             |           |              |
| 75   | 8530      | Compressor Station Labor Expense                   | 0            | 2.0             | Demand          |             |           |              |
| 76   | 8540      | Compressor Station Fuel Gas                        | 0            | 2.0             | Demand          |             |           |              |
| 77   | 8550      | Compressor Station Fuel & Power                    | 50           | 2.0             | Demand          |             | 50        |              |
| 78   | 8560      | Mtms Expense                                       | 307,841      | 2.0             | Demand          |             | 307,841   |              |
| 79   | 8570      | Meas. & Regul. Station Expenses                    | 33,552       | 2.0             | Demand          |             | 33,552    |              |
| 80   | 8580      | LDC Payment  | 0            | 2.0             | Demand          |             |           |              |
| 81   | 8580      | LDC Payment - A&G                                  | 0            | 2.0             | Demand          |             |           |              |
| 82   | 8590      | Other Expenses                                     | 0            | 2.0             | Demand          |             |           |              |
| 83   | 8600      | Rents  | 0            | 2.0             | Demand          |             |           |              |
| 84   |           | Maintenance:                                       |              |                 |                 |             |           |              |
| 85   | 8610      | Maint. Sup., & Eng.                                | 0            | 2.0             | Demand          |             |           |              |
| 86   | 8620      | Structures and Improvements                        | 0            | 2.0             | Demand          |             |           |              |
| 87   | 8630      | Mtms   | 5,910        | 2.0             | Demand          |             | 5,910     |              |
| 88   | 8640      | Compressor Station Equip Maint                     | 0            | 2.0             | Demand          |             |           |              |
| 89   | 8650      | Meas. & Regul. Station Equip Maint                 | 5,802        | 2.0             | Demand          |             | 5,802     |              |
| 90   | 8660      | Communication Equipment Maintenance                | 0            | 2.0             | Demand          |             |           |              |
| 91   | 8670      | Other Equipment Maintenance                        | 0            | 2.0             | Demand          |             |           |              |
| 92   |           | Total Transmission Expense                         | 353,155      |                 |                 | 0           | 353,155   | 0            |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |  |              |                 |   |             |           |              |
|--|-----------|--|--------------|-----------------|---|-------------|-----------|--------------|
| Class Cost of Service - Demand/Commodity Study           |           |  |              |                 |   |             |           |              |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |  |              |                 |   |             |           |              |
| CLASSIFICATION OF O&M EXPENSE                            |           |  |              |                 |   |             |           |              |
| Line No.   | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis  | Customer \$ | Demand \$ | Commodity \$ |
| 94   |           | Distribution   |              |                 |   |             |           |              |
| 95   |           | Operation  |              |                 |   |             |           |              |
| 96   | 8700      | Supervision and Engineering                                    | 1,066,340    | 10.0            | Composite of Accts. 871-879 & 886-893                 | 430,948     | 890,577   | 244,815      |
| 97   | 8710      | Distribution Load Dispatching                                  | 1,775        | 3.0             | Commodity   | -           | -         | 1,775        |
| 98   | 8711      | Oderization  | 9,754        | 3.0             | Commodity   | -           | -         | 9,754        |
| 98   | 8720      | Compressor Station Labor & Expenses                            | 0            | 3.0             | Commodity   | -           | -         | -            |
| 99   | 8740      | Mains & Services   | 3,653,500    | 4.1             | Mains & Services                                      | 1,106,807   | 1,571,085 | 675,447      |
| 100  | 8750      | Measuring and Regulating Station Exp. - Gen                    | 993,389      | 12.0            | Composite of Accts. 374-379                           | -           | 242,825   | 150,793      |
| 101  | 8760      | Measuring and Regulating Station Exp. - Ind.                   | 32,536       | 1.0             | Customer  | 32,536      | -         | -            |
| 102  | 8770      | Measuring and Regulating Sta. Exp. - City Gate                 | 114,996      | 12.0            | Composite of Accts. 374-379                           | -           | 70,647    | 44,049       |
| 103  | 8780      | Meters and House Regulator Expense                             | 884,900      | 1.0             | Customer  | 884,900     | -         | -            |
| 104  | 8790      | Customer Installations Expense                                 | 569          | 1.0             | Customer  | 569         | -         | -            |
| 105  | 8800      | Other Expense  | 207,678      | 10.0            | Composite of Accts. 871-879 & 886-893                 | 83,931      | 76,068    | 47,680       |
| 106  | 8810      | Rents  | 494,667      | 10.0            | Composite of Accts. 871-879 & 886-893                 | 163,541     | 148,220   | 92,905       |
| 107  |           | Maintenance  |              |                 |   |             |           |              |
| 108  | 8850      | Maintenance Supervision and Engineering                        | 2,200        | 10.0            | Composite of Accts. 871-879 & 886-893                 | 889         | 806       | 505          |
| 109  | 8860      | Maintenance of Structures and Improvements                     | 21,234       | 12.0            | Composite of Accts. 374-379                           | -           | 13,100    | 8,134        |
| 110  | 8870      | Maintenance of Mains   | 42,538       | 12.0            | Composite of Accts. 374-379                           | -           | 26,264    | 16,274       |
| 111  | 8890      | Maintenance of compressor station equipment                    | 0            | 3.0             | Commodity   | -           | -         | -            |
| 112  | 8900      | Maint. of Measuring and Regulating Station Equip. - General    | 6,135        | 12.0            | Composite of Accts. 374-379                           | -           | 3,785     | 2,350        |
| 113  | 8910      | Maint. of Measuring and Regulating Station Equip. - Industrial | 9,733        | 1.0             | Customer  | 9,733       | -         | -            |
| 114  | 8930      | Maint. of Measuring and Regulating Station Equip. - City Gate  | 23,785       | 12.0            | Composite of Accts. 374-379                           | -           | 14,081    | 9,115        |
| 115  | 8930      | Maintenance of Services  | 3,522        | 1.0             | Customer  | 3,522       | -         | -            |
| 116  | 8940      | Maintenance of Meters and House Regulators                     | 105,282      | 1.0             | Customer  | 105,282     | -         | -            |
| 117  | 8950      | Maintenance of Other Equipment                                 | 68,009       | 10.0            | Composite of Accts. 871-879 & 886-893                 | 27,889      | 25,276    | 15,643       |
| 118  |           | Total Distribution   | 7,063,731    |                 |   | 2,850,677   | 2,583,624 | 1,619,430    |
| 119  |           | Customer Accounts:   |              |                 |   |             |           |              |
| 120  | 9010      | Supervision  | 0            | 1.0             | Customer  | -           | -         | -            |
| 122  | 9020      | Meter Reading Expense  | 1,130,015    | 1.0             | Customer  | 1,130,015   | -         | -            |
| 123  | 9030      | Customer Records and Collection Expenses                       | 377,024      | 1.0             | Customer  | 377,024     | -         | -            |
| 124  | 9040      | Uncollectible Accounts   | 313,428      | 1.0             | Customer  | 313,428     | -         | -            |
| 125  | 9050      | Miscellaneous Customer Accounts Expenses                       | 0            | 1.0             | Customer  | -           | -         | -            |
| 126  |           | Total Customer Accounts  | 1,820,467    |                 |   | 1,820,465   | 0         | 0            |
| 127  |           | Customer Service and Information:                              |              |                 |   |             |           |              |
| 128  | 9070      | Supervision  | 0            | 1.0             | Customer  | -           | -         | -            |
| 130  | 9080      | Customer Assistance Expenses                                   | 0            | 1.0             | Customer  | -           | -         | -            |
| 131  | 9090      | Informational and Instructional Advertising Expenses           | 122,978      | 1.0             | Customer  | 122,978     | -         | -            |
| 132  | 9100      | Miscellaneous Customer Service and Informational Expenses      | 179          | 1.0             | Customer  | 179         | -         | -            |
| 133  |           | Total Customer Service and Information                         | 123,157      |                 |   | 123,157     | 0         | 0            |
| 134  |           | Sales:   |              |                 |   |             |           |              |
| 135  | 9110      | Supervision  | 252,201      | 1.0             | Customer  | 252,201     | -         | -            |
| 137  | 9120      | Demonstrating and Selling Expenses                             | 54,618       | 1.0             | Customer  | 54,618      | -         | -            |
| 138  | 9130      | Advertising Expenses   | 22,474       | 1.0             | Customer  | 22,474      | -         | -            |
| 139  | 9160      | Miscellaneous Sales Expenses                                   | (45,796)     | 1.0             | Customer  | (45,796)    | -         | -            |
| 140  |           | Total Sales  | 283,657      |                 |   | 283,657     | 0         | 0            |
| 141  |           | Administrative & General:                                      |              |                 |   |             |           |              |
| 142  |           | Operation  |              |                 |   |             |           |              |
| 143  | 9200      | Administrative and General Salaries                            | (1,387,175)  | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (729,618)   | (404,216) | (253,341)    |
| 145  | 9210      | Office Supplies and Expenses                                   | 6,848        | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 3,602       | 1,896     | 1,251        |
| 146  | 9220      | Administrative Expenses Transferred - Customer Support         | -            | 1.0             | Customer  | -           | -         | -            |
| 147  | 9220      | Administrative Expenses Transferred - General                  | 14,025,277   | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 7,376,933   | 4,085,698 | 2,561,446    |
| 148  | 9230      | Outside Services Employed                                      | 186,924      | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 96,317      | 54,469    | 34,138       |
| 149  | 9240      | Property Insurance   | 8,157        | 5.7             | Net Plant   | 3,183       | 3,152     | 1,822        |
| 150  | 9250      | Injuries and Damages   | 214,489      | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 112,605     | 62,495    | 39,109       |
| 151  | 9260      | Employee Pensions and Benefits                                 | 2,187,598    | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 1,150,020   | 637,456   | 399,523      |
| 152  | 9270      | Franchise Requirements   | 83           | 1.0             | Customer  | 83          | -         | -            |
| 153  | 9280      | Regulatory Commission Expenses                                 | 278,594      | 1.0             | Customer  | 278,594     | -         | -            |
| 154  | 930.1     | General Advertising Expenses                                   | -            | 1.0             | Customer  | -           | -         | -            |
| 155  | 930.2     | Miscellaneous General Expense                                  | (23,670)     | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (12,450)    | (6,807)   | (4,323)      |
| 156  | 9310      | Rents  | (10,350)     | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | (5,444)     | (3,016)   | (1,890)      |
| 157  |           | Maintenance  |              |                 |   |             |           |              |
| 158  | 9320      | Maintenance of General Plant                                   | 1,458        | 17.0            | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | 767         | 425       | 286          |
| 159  |           | Total A&G  | 15,488,214   |                 |   | 8,277,393   | 4,432,761 | 2,778,000    |
| 160  |           |  |              |                 |   |             |           |              |
| 161  |           | TOTAL O&M EXPENSE  | 104,652,768  |                 |   | 15,355,249  | 7,545,643 | 83,951,874   |



Atmos Energy Corporation, Kentucky/Mid-States Division  
 Class Cost of Service - Demand/Commodity Study  
 Forecasted Test Period: Twelve Months Ended May 31, 2017

| CLASSIFICATION OF DEPRECIATION EXPENSE |           |  |              |                 |                   |             |           |              |
|--|-----------|--|--------------|-----------------|-------------------|-------------|-----------|--------------|
| Line No.                               | Acct. No. | General:                                     | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$ | Commodity \$ |
| 82                                     |           |  |              |                 |                   |             |           |              |
| 83                                     |           |  |              |                 |                   |             |           |              |
| 84                                     | 39000     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 85                                     | 39000     | Structures Frame                             | 197,482      | 5.4             | P, S, T & D Plant | 84,592      | 73,658    | 39,233       |
| 86                                     | 39001     | Structures & Improvements                    | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 87                                     | 39002     | Improvements                                 | 6,509        | 5.4             | P, S, T & D Plant | 2,788       | 2,428     | 1,293        |
| 88                                     | 39003     | Air Conditioning Equipment                   | 26,666       | 5.4             | P, S, T & D Plant | 11,422      | 9,946     | 5,298        |
| 89                                     | 39004     | Improvement to leased Premises               | 281          | 5.4             | P, S, T & D Plant | 120         | 105       | 56           |
| 90                                     | 39009     | Office Furniture & Equipment                 | 233,163      | 5.4             | P, S, T & D Plant | 99,876      | 86,966    | 46,321       |
| 91                                     | 39100     | Remittance Processing Equip                  | 130,055      | 5.4             | P, S, T & D Plant | 65,710      | 48,508    | 25,837       |
| 92                                     | 39102     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 93                                     | 39103     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 94                                     | 39200     | Trucks                                       | 23,884       | 5.4             | P, S, T & D Plant | 10,231      | 8,908     | 4,745        |
| 95                                     | 39201     | Trailers                                     | 1,436        | 5.4             | P, S, T & D Plant | 615         | 535       | 285          |
| 96                                     | 39202     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 97                                     | 39300     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 98                                     | 39400     | Power Operated Equipment                     | 72,746       | 5.4             | P, S, T & D Plant | 31,161      | 27,133    | 14,452       |
| 99                                     | 39600     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 100                                    | 39603     | Backhoes                                     | 184          | 5.4             | P, S, T & D Plant | 79          | 69        | 37           |
| 101                                    | 39604     | Welders                                      | 244          | 5.4             | P, S, T & D Plant | 105         | 91        | 49           |
| 102                                    | 39605     | Communication Equipment                      | 6,471        | 5.4             | P, S, T & D Plant | 2,772       | 2,414     | 1,286        |
| 103                                    | 39700     | Communication Equipment - Mobile Radios      | 26,973       | 5.4             | P, S, T & D Plant | 11,554      | 10,060    | 5,359        |
| 104                                    | 39701     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 105                                    | 39702     | Communication Equip. - Telemetry             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 106                                    | 39705     | Miscellaneous Equipment                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 107                                    | 39800     | Other Tangible Property                      | 215,121      | 5.4             | P, S, T & D Plant | 92,147      | 80,236    | 42,737       |
| 108                                    | 39900     | Other Tangible Property - Servers - H/W      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 109                                    | 39901     | Other Tangible Property - Servers - S/W      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 110                                    | 39902     | Other Tangible Property - Network - H/W      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 111                                    | 39903     | Other Tang. Property - CPU                   | 9,471        | 5.4             | P, S, T & D Plant | 4,057       | 3,533     | 1,882        |
| 112                                    | 39904     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 113                                    | 39905     | Other Tang. Property - PC Hardware           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 114                                    | 39906     | Other Tang. Property - PC Software           | 332,088      | 5.4             | P, S, T & D Plant | 142,251     | 123,863   | 65,974       |
| 115                                    | 39907     | Other Tang. Property - Mainframe S/W         | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 116                                    | 39908     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 117                                    |           | AR 15 general plant amortization + Acq. Adj. | 609,648      | 5.4             | P, S, T & D Plant | 261,144     | 227,388   | 121,115      |
| 118                                    |           |  |              |                 |                   |             |           |              |
| 119                                    |           |  |              |                 |                   |             |           |              |
| 120                                    |           | Total General Plant                          | 1,892,422    |                 |                   | 810,624     | 705,840   | 375,957      |
| 121                                    |           |  |              |                 |                   |             |           |              |
| 122                                    |           | TOTAL DIRECT DEPRECIATION EXPENSE            | 18,108,237   |                 |                   | 10,369,572  | 5,014,596 | 2,724,069    |
| 123                                    |           |  |              |                 |                   |             |           |              |
| 124                                    |           | Kentucky Mid-States General Office:          |              |                 |                   |             |           |              |
| 125                                    |           |  |              |                 |                   |             |           |              |
| 126                                    |           | Intangible Plant:                            |              |                 |                   |             |           |              |
| 127                                    |           |  |              |                 |                   |             |           |              |
| 128                                    | 30100     | Organization                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 129                                    | 30200     | Franchises & Consents                        | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 130                                    | 30300     | Misc Intangible Plant                        | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 131                                    |           |  |              |                 |                   |             |           |              |
| 132                                    |           | Total Intangible Plant:                      | 0            |                 |                   | 0           | 0         | 0            |
| 133                                    |           |  |              |                 |                   |             |           |              |
| 134                                    |           | General:                                     |              |                 |                   |             |           |              |
| 135                                    |           |  |              |                 |                   |             |           |              |
| 136                                    | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 137                                    | 39001     | Structures Frame                             | 2,359        | 5.4             | P, S, T & D Plant | 1,011       | 880       | 469          |
| 138                                    | 39002     | Structures & Improvements                    | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 139                                    | 39000     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 140                                    | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 141                                    | 39009     | Improvement to leased Premises               | 3,760        | 5.4             | P, S, T & D Plant | 1,611       | 1,402     | 747          |
| 142                                    | 39100     | Office Furniture & Equipment                 | 611          | 5.4             | P, S, T & D Plant | 262         | 228       | 121          |
| 143                                    | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 144                                    | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 145                                    | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 146                                    | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 147                                    | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 148                                    | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 149                                    | 39400     | Tools, Shop & Garage Equipment               | 1,192        | 5.4             | P, S, T & D Plant | 510         | 444       | 237          |
| 150                                    | 39600     | Power Operated Equipment                     | 5            | 5.4             | P, S, T & D Plant | 2           | 2         | 1            |
| 151                                    | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 152                                    | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 153                                    | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 154                                    | 39700     | Communication Equipment                      | 2,600        | 5.4             | P, S, T & D Plant | 1,114       | 970       | 517          |
| 155                                    | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 156                                    | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 157                                    | 39705     | Communication Equip. - Telemetry             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 158                                    | 39800     | Miscellaneous Equipment                      | 15,028       | 5.4             | P, S, T & D Plant | 6,437       | 5,605     | 2,986        |
| 159                                    | 39900     | Other Tangible Property                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 160                                    | 39901     | Other Tangible Property - Servers - H/W      | 10,645       | 5.4             | P, S, T & D Plant | 4,560       | 3,970     | 2,115        |
| 161                                    | 39902     | Other Tangible Property - Servers - S/W      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 162                                    | 39903     | Other Tangible Property - Network - H/W      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 163                                    | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 164                                    | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 165                                    | 39906     | Other Tang. Property - PC Hardware           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 166                                    | 39907     | Other Tang. Property - PC Software           | 4,084        | 5.4             | P, S, T & D Plant | 1,749       | 1,523     | 811          |
| 167                                    | 39908     | Other Tang. Property - Mainframe S/W         | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 168                                    | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 169                                    | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 170                                    |           |  |              |                 |                   |             |           |              |
| 171                                    |           |  |              |                 |                   |             |           |              |
| 172                                    |           | Total General Plant                          | 40,284       |                 |                   | 17,256      | 15,025    | 8,003        |

Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

CLASSIFICATION OF DEPRECIATION EXPENSE

| Line No. | Acct. No. |  | Test Year \$ | Classif. Factor | Classif. Basis    | Customer \$ | Demand \$ | Commodity \$ |
|----------|-----------|--|--------------|-----------------|-------------------|-------------|-----------|--------------|
| 173      |           |  |              |                 |                   |             |           |              |
| 174      |           | Shared Services General Office:              |              |                 |                   |             |           |              |
| 175      |           | General:                                     |              |                 |                   |             |           |              |
| 176      |           |  |              |                 |                   |             |           |              |
| 177      |           |  |              |                 |                   |             |           |              |
| 178      | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 179      | 39000     | Structures & Improvements                    | 7,963        | 5.4             | P, S, T & D Plant | 3,411       | 2,970     | 1,582        |
| 180      | 36602     | Structures & Improvements                    | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 181      | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 182      | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 183      | 39009     | Improvement to leased Premises               | 16,532       | 5.4             | P, S, T & D Plant | 7,081       | 6,166     | 3,284        |
| 184      | 39100     | Office Furniture & Equipment                 | 23,439       | 5.4             | P, S, T & D Plant | 10,040      | 9,742     | 4,656        |
| 185      | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 186      | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 187      | 39200     | Transportation Equipment                     | 38           | 5.4             | P, S, T & D Plant | 16          | 14        | 8            |
| 188      | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 189      | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 190      | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 191      | 39400     | Tools, Shop & Garage Equipment               | 7,193        | 5.4             | P, S, T & D Plant | 3,081       | 2,683     | 1,429        |
| 192      | 39500     | Laboratory Equipment                         | 125          | 5.4             | P, S, T & D Plant | 53          | 47        | 25           |
| 193      | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 194      | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 195      | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 196      | 39700     | Communication Equipment                      | 7,842        | 5.4             | P, S, T & D Plant | 3,359       | 2,925     | 1,558        |
| 197      | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 198      | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 199      | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 200      | 39800     | Miscellaneous Equipment                      | 1,534        | 5.4             | P, S, T & D Plant | 657         | 572       | 305          |
| 201      | 39900     | Other Tangible Property                      | 1,154        | 5.4             | P, S, T & D Plant | 494         | 431       | 229          |
| 202      | 39901     | Other Tangible Property - Servers - H/W      | 156,799      | 5.4             | P, S, T & D Plant | 67,166      | 58,483    | 31,151       |
| 203      | 39902     | Other Tangible Property - Servers - S/W      | 90,772       | 5.4             | P, S, T & D Plant | 38,883      | 33,856    | 18,033       |
| 204      | 39903     | Other Tangible Property - Network - H/W      | 12,500       | 5.4             | P, S, T & D Plant | 5,355       | 4,652     | 2,483        |
| 205      | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 206      | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 207      | 39906     | Other Tang. Property - PC Hardware           | 12,679       | 5.4             | P, S, T & D Plant | 5,431       | 4,729     | 2,519        |
| 208      | 39907     | Other Tang. Property - PC Software           | 2,392        | 5.4             | P, S, T & D Plant | 1,025       | 892       | 475          |
| 209      | 39908     | Other Tang. Property - Mainframe S/W         | 421,498      | 5.4             | P, S, T & D Plant | 180,550     | 157,211   | 83,737       |
| 210      | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 211      | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 212      |           |  |              |                 |                   |             |           |              |
| 213      |           |  |              |                 |                   |             |           |              |
| 214      |           | Total General Plant                          | 762,460      |                 |                   | 326,602     | 284,384   | 151,474      |
| 215      |           |  |              |                 |                   |             |           |              |
| 216      |           | Shared Services Customer Support:            |              |                 |                   |             |           |              |
| 217      |           | General:                                     |              |                 |                   |             |           |              |
| 218      |           |  |              |                 |                   |             |           |              |
| 219      |           |  |              |                 |                   |             |           |              |
| 220      | 37400     | Land & Land Rights                           | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 221      | 39001     | Structures Frame                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 222      | 36602     | Structures & Improvements                    | 25,216       | 5.4             | P, S, T & D Plant | 10,801      | 9,485     | 5,010        |
| 223      | 37503     | Improvements                                 | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 224      | 39004     | Air Conditioning Equipment                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 225      | 39009     | Improvement to leased Premises               | 7,980        | 5.4             | P, S, T & D Plant | 3,418       | 2,976     | 1,585        |
| 226      | 39100     | Office Furniture & Equipment                 | 5,196        | 5.4             | P, S, T & D Plant | 2,226       | 1,938     | 1,032        |
| 227      | 39102     | Remittance Processing Equip                  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 228      | 39103     | Office Machines                              | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 229      | 39200     | Transportation Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 230      | 39201     | Trucks                                       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 231      | 39202     | Trailers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 232      | 39300     | Stores Equipment                             | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 233      | 39400     | Tools, Shop & Garage Equipment               | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 234      | 39600     | Power Operated Equipment                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 235      | 39603     | Ditchers                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 236      | 39604     | Backhoes                                     | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 237      | 39605     | Welders                                      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 238      | 39700     | Communication Equipment                      | 6,731        | 5.4             | P, S, T & D Plant | 2,883       | 2,511     | 1,337        |
| 239      | 39701     | Communication Equipment - Mobile Radios      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 240      | 39702     | Communication Equipment - Fixed Radios       | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 241      | 39705     | Communication Equip. - Telemetering          | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 242      | 39800     | Miscellaneous Equipment                      | 186          | 5.4             | P, S, T & D Plant | 80          | 69        | 37           |
| 243      | 39900     | Other Tangible Property                      | 4,824        | 5.4             | P, S, T & D Plant | 2,066       | 1,799     | 958          |
| 244      | 39901     | Other Tangible Property - Servers - H/W      | 44,486       | 5.4             | P, S, T & D Plant | 19,056      | 16,592    | 8,838        |
| 245      | 39902     | Other Tangible Property - Servers - S/W      | 9,370        | 5.4             | P, S, T & D Plant | 4,014       | 3,495     | 1,861        |
| 246      | 39903     | Other Tangible Property - Network - H/W      | 2,533        | 5.4             | P, S, T & D Plant | 1,085       | 945       | 503          |
| 247      | 39904     | Other Tang. Property - CPU                   | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 248      | 39905     | Other Tangible Property - MF - Hardware      | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 249      | 39906     | Other Tang. Property - PC Hardware           | 6,301        | 5.4             | P, S, T & D Plant | 2,699       | 2,350     | 1,252        |
| 250      | 39907     | Other Tang. Property - PC Software           | 780          | 5.4             | P, S, T & D Plant | 334         | 291       | 155          |
| 251      | 39908     | Other Tang. Property - Mainframe S/W         | 419,883      | 5.4             | P, S, T & D Plant | 179,858     | 156,609   | 83,416       |
| 252      | 39909     | Other Tang. Property - Application Software  | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 253      | 39924     | Other Tang. Property - General Startup Costs | -            | 5.4             | P, S, T & D Plant | -           | -         | -            |
| 254      |           |  |              |                 |                   |             |           |              |
| 255      |           |  |              |                 |                   |             |           |              |
| 256      |           | Total General Plant                          | 533,485      |                 |                   | 226,520     | 198,981   | 105,985      |
| 257      |           |  |              |                 |                   |             |           |              |
| 258      |           | TOTAL DEPRECIATION EXPENSE                   | 19,444,466   |                 |                   | 10,941,949  | 6,512,986 | 2,989,531    |

| Atmos Energy Corporation, Kentucky/Mid-States Division                     |                                |          |                        |           |           |           |
|--|--------------------------------|----------|------------------------|-----------|-----------|-----------|
| Class Cost of Service - Demand/Commodity Study                             |                                |          |                        |           |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017                   |                                |          |                        |           |           |           |
| CLASSIFICATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                |          |                        |           |           |           |
|  | Test Year                      | Classif. | Classif.               | Customer  | Demand    | Commodity |
|  | \$                             | Factor   | Basis                  | \$        | \$        | \$        |
| 1  | Taxes Other Than Income        |          |                        |           |           |           |
| 2  | Non Revenue Related:           |          |                        |           |           |           |
| 3  | Payroll Related:               |          |                        |           |           |           |
| 4  | 735,895                        | 9.1      | Allocated O&M Expenses | 93,732    | 52,958    | 589,205   |
| 5  | 4,983,360                      | 5.4      | P, S, T & D Plant      | 2,134,636 | 1,858,707 | 980,017   |
| 6  | 63,870                         | 9.1      | Allocated O&M Expenses | 8,135     | 4,596     | 51,138    |
| 7  | 0                              | 9.1      | Allocated O&M Expenses | -         | -         | -         |
| 8  | 5,783,125                      |          |                        | 2,238,503 | 1,916,261 | 1,630,360 |
| 9  | Revenue Related:               |          |                        |           |           |           |
| 10   | State Gross Receipts - Tax     |          |                        |           |           |           |
| 11   | 0                              | 99.0     | -                      | -         | -         | -         |
| 12   | 0                              | 99.0     | -                      | -         | -         | -         |
| 13   | 317,096                        | 3.0      | Commodity              | -         | -         | 317,096   |
| 14   | 317,096                        |          |                        | 0         | 0         | 317,096   |
| 15   | Total Revenue Related:         |          |                        |           |           |           |
| 16   | 6,100,220                      |          |                        | 2,236,503 | 1,916,261 | 1,947,456 |
| 17   | Total Taxes, Other Than Income |          |                        |           |           |           |
| 18   | Interest Expense               |          |                        |           |           |           |
| 19   | 7,757,734                      | 13.0     | Rate Base              | 2,912,509 | 2,917,588 | 1,927,637 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                             |             |          |          |             |             |            |
|--|-----------------------------|-------------|----------|----------|-------------|-------------|------------|
| Class Cost of Service - Demand/Commodity Study           |                             |             |          |          |             |             |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                             |             |          |          |             |             |            |
| SUMMARY OF CLASSIFICATION                                |                             |             |          |          |             |             |            |
|  |                             | Test Year   | Classif. | Classif. | Customer    | Demand      | Commodity  |
|  |                             | \$          | Factor   | Basis    | \$          | \$          | \$         |
| 7  | Operating Revenues          | 166,804,655 |          |          | 40,202,165  | 28,667,191  | 97,935,300 |
| 9  | Operating Expenses:         |             |          |          |             |             |            |
| 11   | Operating & Maintenance     | 104,852,766 |          |          | 13,355,249  | 7,545,643   | 83,951,874 |
| 12   | Depreciation & Amortization | 19,444,466  |          |          | 10,941,949  | 5,512,986   | 2,989,531  |
| 13   | Taxes Other Than Income     | 6,100,220   |          |          | 2,236,503   | 1,916,261   | 1,947,456  |
| 15   | Total Operating Expenses    | 130,397,452 |          |          | 26,533,701  | 14,974,890  | 88,886,860 |
| 17   | Income Before Taxes         | 36,407,203  |          |          | 13,668,464  | 13,692,300  | 9,046,440  |
| 19   | Interest Expense            | 7,757,734   |          |          | 2,912,509   | 2,917,588   | 1,927,637  |
| 21   | Income Taxes:               |             |          |          |             |             |            |
| 23   | State Income Taxes          | 1,718,968   | 6.00%    |          | 645,357     | 646,483     | 427,128    |
| 24   | Federal Income Taxes        | 9,425,675   | 35.00%   |          | 3,536,709   | 3,544,880   | 2,342,086  |
| 25   | Total Deferred Income Taxes | 0           |          |          | 0           | 0           | 0          |
| 26   | Amortization of ITC         | 0           |          |          | 0           | 0           | 0          |
| 28   | Total Income Taxes          | 11,144,644  |          |          | 4,184,066   | 4,191,363   | 2,769,214  |
| 30   | Net Income                  | 25,262,560  |          |          | 9,484,397   | 9,500,937   | 6,277,225  |
| 32   | Total Rate Base             | 335,832,639 |          |          | 126,082,636 | 126,302,514 | 83,447,489 |
| 34   | Rate of Return              | 7.5224%     |          |          | 7.5224%     | 7.5224%     | 7.5224%    |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| ALLOCATION OF PLANT IN SERVICE                           |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Customer                            | Allocation Factor | Allocation Basis             | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  |           | Intangible Plant:                   |                   |                              |               |                   |                    |                             |                |                         |
| 2  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 3  | 30100     | Organization                        | 6.2               | P, S, T & D Plant - Customer | 3,569         | 2,844             | 675                | 3                           | 30             | 17                      |
| 4  | 30200     | Franchises & Consents               | 6.2               | P, S, T & D Plant - Customer | 51,339        | 38,040            | 12,594             | 39                          | 429            | 247                     |
| 5  | 30300     | Misc Intangible Plant               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 6  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 7  |           | Total Intangible Plant:             |                   |                              | 54,907        | 40,684            | 13,458             | 42                          | 459            | 264                     |
| 8  |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 9  |           | Production Plant:                   |                   |                              |               |                   |                    |                             |                |                         |
| 10   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 11   | 32520     | Producing Leaseholds                | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 12   | 32540     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 13   | 33100     | Production Gas Wells Equipment      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 14   | 33201     | Field Lines                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 15   | 33202     | Tributary Lines                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 16   | 33400     | Field Meas. & Reg. Sta. Equip       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 17   | 33600     | Purification Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 18   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 19   |           | Total Production Plant              |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 20   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 21   |           | Storage Plant:                      |                   |                              |               |                   |                    |                             |                |                         |
| 22   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 23   | 35010     | Land                                | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 24   | 35020     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 25   | 35100     | Structures and Improvements         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 26   | 35102     | Compressor Station Equipment        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 27   | 35103     | Meas. & Reg. Sta. Structures        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 28   | 35104     | Other Structures                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 29   | 35200     | Wells \ Rights of Way               | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 30   | 35201     | Well Construction                   | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 31   | 35202     | Well Equipment                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 32   | 35203     | Cushion Gas                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 33   | 35210     | Leaseholds                          | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 34   | 35211     | Storage Rights                      | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 35   | 35301     | Field Lines                         | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 36   | 35302     | Tributary Lines                     | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 37   | 35400     | Compressor Station Equipment        | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 38   | 35500     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 39   | 35600     | Purification Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 40   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 41   |           | Total Storage Plant                 |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 42   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 43   |           | Transmission:                       |                   |                              |               |                   |                    |                             |                |                         |
| 44   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 45   | 36510     | Land & Land Rights                  | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 46   | 36520     | Rights of Way                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 47   | 36602     | Structures & Improvements           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 48   | 36603     | Other Structures                    | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 49   | 36700     | Mains Cathodic Protection           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 50   | 36701     | Mains - Steel                       | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 51   | 36900     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 52   | 36901     | Meas. & Reg. Equipment              | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 53   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 54   |           | Total Transmission Plant            |                   |                              | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 55   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 56   |           | Distribution:                       |                   |                              |               |                   |                    |                             |                |                         |
| 57   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 58   | 37430     | Land & Land Rights                  | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 59   | 37401     | Land                                | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 60   | 37402     | Land Rights                         | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 61   | 37403     | Land Other                          | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 62   | 37500     | Structures & Improvements           | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 63   | 37501     | Structures & Improvements T.B.      | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 64   | 37502     | Land Rights                         | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 65   | 37503     | Improvements                        | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 66   | 37600     | Mains Cathodic Protection           | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 67   | 37601     | Mains - Steel                       | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 68   | 37602     | Mains - Plastic                     | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 69   | 37600     | Meas. & Reg. Sta. Equip - General   | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 70   | 37600     | Meas. & Reg. Sta. Equip - City Gate | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 71   | 37605     | Meas. & Reg. Sta. Equipment T.B.    | 2.0               | Bills                        | 0             |                   |                    |                             |                |                         |
| 72   | 38000     | Services                            | 2.0               | Bills                        | 118,202,045   | 105,214,238       | 12,849,414         | 7,692                       | 62,867         | 47,834                  |
| 73   | 38100     | Meters                              | 4.0               | Meter Investment             | 34,690,273    | 20,730,610        | 12,918,067         | 57,288                      | 624,857        | 359,350                 |
| 74   | 38200     | Meter Installations                 | 4.0               | Meter Investment             | 61,832,559    | 30,835,170        | 19,227,083         | 85,268                      | 930,178        | 334,852                 |
| 75   | 38300     | House Regulators                    | 4.0               | Meter Investment             | 8,425,356     | 6,034,821         | 3,137,459          | 13,914                      | 151,786        | 87,277                  |
| 76   | 38400     | House Reg. Installations            | 4.0               | Meter Investment             | 154,276       | 92,194            | 57,450             | 265                         | 2,779          | 1,598                   |
| 77   | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 2.2               | Non-Residential Bills        | 5,433,873     | -                 | 5,375,972          | 3,216                       | 34,670         | 20,013                  |
| 78   | 38600     | Other Prop. On Cust. Prem           | 99.0              |                              | 0             |                   |                    |                             |                |                         |
| 79   |           |                                     |                   |                              |               |                   |                    |                             |                |                         |
| 80   |           | Total Distribution Plant            |                   |                              | 218,538,374   | 181,927,134       | 53,665,445         | 167,832                     | 1,827,238      | 1,050,624               |



| Almos Energy Corporation, Kentucky/Mid-States Division   |          |  |     |                              |             |             |            |         |           |           |
|--|----------|--|-----|------------------------------|-------------|-------------|------------|---------|-----------|-----------|
| Class Cost of Service - Demand/Conmodity Study           |          |  |     |                              |             |             |            |         |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |     |                              |             |             |            |         |           |           |
| ALLOCATION OF PLANT IN SERVICE                           |          |  |     |                              |             |             |            |         |           |           |
| 81   | General: |  |     |                              |             |             |            |         |           |           |
| 82   |          |  |     |                              |             |             |            |         |           |           |
| 83   |          |  |     |                              |             |             |            |         |           |           |
| 84   | 38800    | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 440,068     | 326,071     | 107,864    | 338     | 3,679     | 2,116     |
| 85   | 39000    | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 2,242,613   | 1,661,676   | 649,682    | 1,720   | 16,751    | 10,784    |
| 86   | 39001    | Structures Frame                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 87   | 39002    | Structures Brick                             | 6.2 | P, S, T & D Plant - Customer | 74,154      | 54,945      | 18,176     | 57      | 620       | 357       |
| 88   | 39003    | Improvements                                 | 6.2 | P, S, T & D Plant - Customer | 303,787     | 225,093     | 74,461     | 233     | 2,540     | 1,481     |
| 89   | 39004    | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 3,159       | 2,368       | 763        | 2       | 27        | 15        |
| 90   | 39009    | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 533,811     | 395,030     | 130,841    | 409     | 4,463     | 2,567     |
| 91   | 39100    | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 632,498     | 616,844     | 204,052    | 639     | 9,961     | 4,003     |
| 92   | 39102    | Remittance Processing Equip.                 | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 93   | 39103    | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 94   | 39200    | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 155,452     | 115,193     | 38,102     | 119     | 1,300     | 748       |
| 95   | 39201    | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 96   | 39202    | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 14,218      | 10,535      | 3,485      | 11      | 119       | 58        |
| 97   | 39300    | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 98   | 39400    | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 1,136,963   | 842,439     | 278,679    | 872     | 9,506     | 5,468     |
| 99   | 39500    | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 100  | 39600    | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 20,262      | 15,013      | 4,966      | 16      | 169       | 97        |
| 101  | 39604    | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 26,879      | 19,918      | 6,588      | 21      | 225       | 129       |
| 102  | 39605    | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 14,237      | 10,549      | 3,490      | 11      | 119       | 58        |
| 103  | 39700    | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 172,628     | 127,908     | 42,312     | 132     | 1,443     | 830       |
| 104  | 39701    | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 105  | 39702    | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 106  | 39705    | Communication Equip. - Telemetering          | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 107  | 39900    | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 1,837,056   | 1,361,176   | 450,277    | 1,409   | 15,360    | 8,834     |
| 108  | 39901    | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 109  | 39901    | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 110  | 39902    | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 111  | 39903    | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 40,569      | 30,060      | 9,944      | 31      | 339       | 195       |
| 112  | 39904    | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 113  | 39905    | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 114  | 39908    | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 705,374     | 522,651     | 172,893    | 541     | 5,896     | 3,392     |
| 115  | 39907    | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 5,891       | 4,365       | 1,444      | 5       | 49        | 28        |
| 118  | 39908    | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 32,908      | 39,202      | 12,999     | 41      | 442       | 254       |
| 117  | 39909    | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 118  | 39924    | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 119  |          |  |     |                              |             |             |            |         |           |           |
| 120  |          | Total General Plant                          |     |                              | 6,612,581   | 6,381,622   | 2,111,005  | 6,606   | 72,011    | 41,417    |
| 121  |          |  |     |                              |             |             |            |         |           |           |
| 122  |          | TOTAL DIRECT PLANT                           |     |                              | 227,205,842 | 169,349,340 | 55,889,909 | 174,281 | 1,889,708 | 1,092,605 |
| 123  |          |  |     |                              |             |             |            |         |           |           |
| 124  |          | CWP w/o AFUDC                                | 6.2 | P, S, T & D Plant - Customer | 6,049,635   | 4,482,508   | 1,482,612  | 4,640   | 50,582    | 29,682    |
| 125  |          |  |     |                              |             |             |            |         |           |           |
| 126  |          | Kentucky Mid-States General Office:          |     |                              |             |             |            |         |           |           |
| 127  |          | Intangible Plant:                            |     |                              |             |             |            |         |           |           |
| 128  |          |  |     |                              |             |             |            |         |           |           |
| 129  |          |  |     |                              |             |             |            |         |           |           |
| 130  | 30100    | Organization                                 | 6.2 | P, S, T & D Plant - Customer | 38,967      | 28,873      | 9,551      | 30      | 326       | 187       |
| 131  | 30200    | Franchises & Consents                        | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 132  | 30300    | Misc Intangible Plant                        | 6.2 | P, S, T & D Plant - Customer | 233,317     | 172,877     | 67,188     | 179     | 1,951     | 1,122     |
| 133  |          | Total Intangible Plant                       |     |                              | 272,284     | 201,750     | 66,739     | 209     | 2,277     | 1,309     |
| 134  |          |  |     |                              |             |             |            |         |           |           |
| 135  |          | General:                                     |     |                              |             |             |            |         |           |           |
| 136  |          |  |     |                              |             |             |            |         |           |           |
| 137  |          |  |     |                              |             |             |            |         |           |           |
| 138  | 37400    | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 139  | 39001    | Structures Frame                             | 6.2 | P, S, T & D Plant - Customer | 37,711      | 27,842      | 9,243      | 29      | 315       | 181       |
| 140  | 39002    | Structures & Improvements                    | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 141  | 39000    | Land & Land Rights                           | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 142  | 39004    | Air Conditioning Equipment                   | 6.2 | P, S, T & D Plant - Customer | 1,214       | 899         | 297        | 1       | 10        | 6         |
| 143  | 39009    | Improvement to leased Premises               | 6.2 | P, S, T & D Plant - Customer | 32,429      | 24,028      | 7,949      | 25      | 271       | 166       |
| 144  | 39100    | Office Furniture & Equipment                 | 6.2 | P, S, T & D Plant - Customer | 9,889       | 9,648       | 2,198      | 7       | 75        | 43        |
| 145  | 39102    | Remittance Processing Equip.                 | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 146  | 39103    | Office Machines                              | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 147  | 39200    | Transportation Equipment                     | 6.2 | P, S, T & D Plant - Customer | 864         | 640         | 212        | 1       | 7         | 4         |
| 148  | 39201    | Trucks                                       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 149  | 39202    | Trailers                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 150  | 39300    | Stores Equipment                             | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 151  | 39400    | Tools, Shop & Garage Equipment               | 6.2 | P, S, T & D Plant - Customer | 34,424      | 25,607      | 8,438      | 28      | 288       | 166       |
| 152  | 39500    | Power Operated Equipment                     | 6.2 | P, S, T & D Plant - Customer | 2,321       | 1,720       | 569        | 2       | 19        | 11        |
| 153  | 39600    | Ditchers                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 154  | 39604    | Backhoes                                     | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 155  | 39605    | Welders                                      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 156  | 39700    | Communication Equipment                      | 6.2 | P, S, T & D Plant - Customer | 47,442      | 35,152      | 11,628     | 38      | 397       | 229       |
| 157  | 39701    | Communication Equipment - Mobile Radios      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 158  | 39702    | Communication Equipment - Fixed Radios       | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 159  | 39705    | Communication Equip. - Telemetering          | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 160  | 39900    | Miscellaneous Equipment                      | 6.2 | P, S, T & D Plant - Customer | 165,516     | 137,458     | 45,471     | 142     | 1,551     | 892       |
| 161  | 39901    | Other Tangible Property                      | 6.2 | P, S, T & D Plant - Customer | 10,190      | 11,998      | 3,958      | 12      | 135       | 78        |
| 162  | 39901    | Other Tangible Property - Servers - HW       | 6.2 | P, S, T & D Plant - Customer | 72,377      | 53,628      | 17,740     | 56      | 605       | 349       |
| 163  | 39902    | Other Tangible Property - Servers - SW       | 6.2 | P, S, T & D Plant - Customer | 1,740       | 1,289       | 426        | 1       | 15        | 9         |
| 164  | 39903    | Other Tangible Property - Network - HW       | 6.2 | P, S, T & D Plant - Customer | 44,024      | 32,620      | 10,791     | 34      | 398       | 212       |
| 165  | 39904    | Other Tang. Property - CPU                   | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 166  | 39905    | Other Tangible Property - MF - Hardware      | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 167  | 39906    | Other Tang. Property - PC Hardware           | 6.2 | P, S, T & D Plant - Customer | 68,358      | 50,650      | 16,755     | 52      | 572       | 329       |
| 168  | 39907    | Other Tang. Property - PC Software           | 6.2 | P, S, T & D Plant - Customer | 15,746      | 11,687      | 3,859      | 12      | 132       | 76        |
| 169  | 39908    | Other Tang. Property - Mainframe SW          | 6.2 | P, S, T & D Plant - Customer | 188,931     | 139,990     | 48,309     | 145     | 1,580     | 909       |
| 170  | 39909    | Other Tang. Property - Application Software  | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 171  | 39924    | Other Tang. Property - General Startup Costs | 6.2 | P, S, T & D Plant - Customer | 0           | -           | -          | -       | -         | -         |
| 172  |          |  |     |                              |             |             |            |         |           |           |
| 173  |          | Total General Plant                          |     |                              | 758,256     | 561,834     | 185,854    | 682     | 6,340     | 3,846     |
| 174  |          |  |     |                              |             |             |            |         |           |           |
| 175  |          | CWP w/o AFUDC                                | 6.2 | P, S, T & D Plant - Customer | (36,693)    | (27,188)    | (8,994)    | (29)    | (307)     | (175)     |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|----------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| ALLOCATION OF PLANT IN SERVICE                           |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Demand   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. | Description                         | Allocation Factor | Allocation Basis           | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 266  |           | Intangible Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 267  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 268  | 30100     | Organization                        | 6.4               | P, S, T & D Plant - Demand | 3,107         | 1,679             | 939                | -                           | -              | 493                     |
| 269  | 30200     | Franchises & Consents               | 6.4               | P, S, T & D Plant - Demand | 44,703        | 24,142            | 13,471             | -                           | -              | 7,090                   |
| 270  | 30300     | Misc Intangible Plant               | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 271  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 272  |           | Total Intangible Plant:             |                   |                            | 47,810        | 25,820            | 14,407             | 0                           | 7,593          | 0                       |
| 273  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 274  |           | Production Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 275  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 276  | 32520     | Producing Leaseholds                | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 277  | 32540     | Rights of Ways                      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 278  | 33100     | Production Gas Wells Equipment      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 279  | 33201     | Field Lines                         | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 280  | 33202     | Tributary Lines                     | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 281  | 33400     | Field Meas. & Reg. Sta. Equip.      | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 282  | 33600     | Purification Equipment              | 3.0               | Peak Day                   | 0             | -                 | -                  | -                           | -              | -                       |
| 283  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 284  |           | Total Production Plant              |                   |                            | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 285  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 286  |           | Storage Plant:                      |                   |                            |               |                   |                    |                             |                |                         |
| 287  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 288  | 35010     | Land                                | 3.0               | Peak Day                   | 130,563       | 70,511            | 99,345             | -                           | 20,708         | -                       |
| 289  | 35020     | Rights of Way                       | 3.0               | Peak Day                   | 2,241         | 1,284             | 705                | -                           | 371            | -                       |
| 290  | 35100     | Structures and Improvements         | 3.0               | Peak Day                   | 8,958         | 4,638             | 2,659              | -                           | 1,421          | -                       |
| 291  | 35102     | Compressor Station Equipment        | 3.0               | Peak Day                   | 76,631        | 41,384            | 23,092             | -                           | 12,164         | -                       |
| 292  | 35103     | Meas. & Reg. Sta. Structures        | 3.0               | Peak Day                   | 11,569        | 6,248             | 3,496              | -                           | 1,835          | -                       |
| 293  | 35104     | Other Structures                    | 3.0               | Peak Day                   | 68,721        | 37,113            | 20,709             | -                           | 10,300         | -                       |
| 294  | 35200     | Wells Rights of Way                 | 3.0               | Peak Day                   | 4,547,761     | 2,485,015         | 1,370,448          | -                           | 721,298        | -                       |
| 295  | 35201     | Well Construction                   | 3.0               | Peak Day                   | 849,999       | 450,042           | 256,144            | -                           | 134,814        | -                       |
| 296  | 35202     | Well Equipment                      | 3.0               | Peak Day                   | 207,909       | 112,281           | 62,653             | -                           | 32,975         | -                       |
| 297  | 35203     | Cushion Gas                         | 3.0               | Peak Day                   | 847,416       | 457,647           | 255,365            | -                           | 134,404        | -                       |
| 298  | 35210     | Leaseholds                          | 3.0               | Peak Day                   | 99,205        | 48,209            | 26,900             | -                           | 14,159         | -                       |
| 299  | 35311     | Storage Rights                      | 3.0               | Peak Day                   | 27,307        | 14,747            | 8,229              | -                           | 4,331          | -                       |
| 300  | 35301     | Field Lines                         | 3.0               | Peak Day                   | 99,249        | 48,199            | 26,895             | -                           | 14,155         | -                       |
| 301  | 35302     | Tributary Lines                     | 3.0               | Peak Day                   | 104,729       | 56,559            | 31,560             | -                           | 16,611         | -                       |
| 302  | 35400     | Compressor Station Equipment        | 3.0               | Peak Day                   | 481,729       | 249,353           | 139,138            | -                           | 73,232         | -                       |
| 303  | 35500     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 120,442       | 65,094            | 36,295             | -                           | 19,103         | -                       |
| 304  | 35600     | Purification Equipment              | 3.0               | Peak Day                   | 207,332       | 111,969           | 62,478             | -                           | 32,894         | -                       |
| 305  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 306  |           | Total Storage Plant                 |                   |                            | 7,851,916     | 4,240,422         | 2,366,141          | 0                           | 1,245,353      | 0                       |
| 307  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 308  |           | Transmission:                       |                   |                            |               |                   |                    |                             |                |                         |
| 309  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 310  | 36510     | Land & Land Rights                  | 3.0               | Peak Day                   | 26,970        | 14,865            | 8,127              | -                           | 4,276          | -                       |
| 311  | 36620     | Rights of Way                       | 3.0               | Peak Day                   | 897,772       | 499,640           | 281,499            | -                           | 137,633        | -                       |
| 312  | 36602     | Structures & Improvements           | 3.0               | Peak Day                   | 49,002        | 26,463            | 14,766             | -                           | 7,772          | -                       |
| 313  | 36903     | Other Structures                    | 3.0               | Peak Day                   | 60,626        | 32,849            | 18,330             | -                           | 9,647          | -                       |
| 314  | 36700     | Mains Cathodic Protection           | 3.0               | Peak Day                   | 185,329       | 100,184           | 55,902             | -                           | 29,423         | -                       |
| 315  | 36701     | Mains - Steel                       | 3.0               | Peak Day                   | 27,782,017    | 14,992,859        | 8,365,064          | -                           | 4,403,195      | -                       |
| 316  | 36900     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 615,022       | 332,142           | 185,334            | -                           | 97,540         | -                       |
| 317  | 36901     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 2,269,871     | 1,235,843         | 694,016            | -                           | 360,013        | -                       |
| 318  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 319  |           | Total Transmission Plant            |                   |                            | 31,830,890    | 17,193,545        | 9,693,939          | 0                           | 5,049,608      | 0                       |
| 320  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 321  |           | Distribution:                       |                   |                            |               |                   |                    |                             |                |                         |
| 322  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 323  | 37400     | Land & Land Rights                  | 3.0               | Peak Day                   | 327,705       | 176,977           | 98,792             | -                           | 51,976         | -                       |
| 324  | 37401     | Land                                | 3.0               | Peak Day                   | 23,029        | 12,437            | 6,940              | -                           | 3,652          | -                       |
| 325  | 37402     | Land Rights                         | 3.0               | Peak Day                   | 530,939       | 602,763           | 399,836            | -                           | 147,652        | -                       |
| 326  | 37403     | Land Other                          | 3.0               | Peak Day                   | 1,719         | 928               | 519                | -                           | 272            | -                       |
| 327  | 37500     | Structures & Improvements           | 3.0               | Peak Day                   | 207,399       | 112,006           | 62,489             | -                           | 32,895         | -                       |
| 328  | 37501     | Structures & Improvements T.B.      | 3.0               | Peak Day                   | 81,693        | 33,258            | 18,658             | -                           | 9,767          | -                       |
| 329  | 37502     | Land Rights                         | 3.0               | Peak Day                   | 28,543        | 15,415            | 8,001              | -                           | 4,527          | -                       |
| 330  | 37503     | Improvements                        | 3.0               | Peak Day                   | 2,471         | 1,334             | 745                | -                           | 392            | -                       |
| 331  | 37600     | Mains Cathodic Protection           | 3.0               | Peak Day                   | 12,344,014    | 6,696,377         | 3,719,815          | -                           | 1,957,622      | -                       |
| 332  | 37601     | Mains - Steel                       | 3.0               | Peak Day                   | 69,310,370    | 37,435,680        | 20,888,092         | -                           | 10,994,398     | -                       |
| 333  | 37602     | Mains - Plastic                     | 3.0               | Peak Day                   | 59,945,071    | 32,373,296        | 19,064,187         | -                           | 9,507,588      | -                       |
| 334  | 37900     | Meas. & Reg. Sta. Equip - General   | 3.0               | Peak Day                   | 4,804,219     | 2,496,603         | 1,387,400          | -                           | 736,252        | -                       |
| 335  | 37900     | Meas. & Reg. Sta. Equip - City Gate | 3.0               | Peak Day                   | 1,944,657     | 1,050,157         | 585,394            | -                           | 305,416        | -                       |
| 336  | 37905     | Meas. & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day                   | 859,921       | 464,400           | 269,133            | -                           | 138,388        | -                       |
| 337  | 38000     | Services                            | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 338  | 38100     | Meters                              | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 339  | 38200     | Meter Installations                 | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 340  | 38300     | House Regulators                    | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 341  | 38400     | House Reg. Installations            | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 342  | 38800     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 343  | 38900     | Other Prop. On Cust. Prem           | 99.0              | -                          | 0             | -                 | -                  | -                           | -              | -                       |
| 344  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 345  |           | Total Distribution Plant            |                   |                            | 150,600,539   | 81,331,720        | 46,362,819         | 0                           | 23,885,997     | 0                       |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |       |  |                    |                            |                            |             |            |            |        |
|--|-------|--|--------------------|----------------------------|----------------------------|-------------|------------|------------|--------|
| Class Cost of Service - Demand/Commodity Study           |       |  |                    |                            |                            |             |            |            |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |                    |                            |                            |             |            |            |        |
| ALLOCATION OF PLANT IN SERVICE                           |       |  |                    |                            |                            |             |            |            |        |
| 346  | 347   | General:                                     |                    |                            |                            |             |            |            |        |
| 348  | 349   | 38900  | Land & Land Rights | 6.4                        | P, S, T & D Plant - Demand | 383,184     | 206,938    | 115,471    | 60,775 |
| 350  | 39000 | Structures & Improvements                    | 6.4                | P, S, T & D Plant - Demand | 1,852,728                  | 1,054,568   | 588,446    | 309,712    | -      |
| 351  | 39001 | Structures-Frame                             | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 352  | 39002 | Structures-Brick                             | 6.4                | P, S, T & D Plant - Demand | 64,569                     | 34,670      | 18,456     | 10,241     | -      |
| 353  | 39003 | Improvements                                 | 6.4                | P, S, T & D Plant - Demand | 264,519                    | 142,853     | 79,712     | 41,954     | -      |
| 354  | 39004 | Air Conditioning Equipment                   | 6.4                | P, S, T & D Plant - Demand | 2,783                      | 1,503       | 639        | 441        | -      |
| 355  | 39009 | Improvement to leased Premises               | 6.4                | P, S, T & D Plant - Demand | 494,608                    | 251,020     | 140,068    | 73,721     | -      |
| 356  | 39100 | Office Furniture & Equipment                 | 6.4                | P, S, T & D Plant - Demand | 724,887                    | 391,475     | 218,441    | 114,971    | -      |
| 357  | 39102 | Remittance Processing Equip                  | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 358  | 39103 | Office Machines                              | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 359  | 39200 | Transportation Equipment                     | 6.4                | P, S, T & D Plant - Demand | 135,358                    | 73,100      | 40,789     | 21,468     | -      |
| 360  | 39201 | Trucks                                       | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 361  | 39202 | Trailers                                     | 6.4                | P, S, T & D Plant - Demand | 12,380                     | 6,886       | 3,731      | 1,994      | -      |
| 362  | 39300 | Stores Equipment                             | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 363  | 39400 | Tools, Shop & Garage Equipment               | 6.4                | P, S, T & D Plant - Demand | 969,990                    | 534,647     | 296,331    | 157,018    | -      |
| 364  | 39500 | Power Operated Equipment                     | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 365  | 39603 | Ditchers                                     | 6.4                | P, S, T & D Plant - Demand | 17,643                     | 9,528       | 5,317      | 2,798      | -      |
| 366  | 39604 | Backhoes                                     | 6.4                | P, S, T & D Plant - Demand | 23,404                     | 12,639      | 7,053      | 3,712      | -      |
| 367  | 39605 | Welders                                      | 6.4                | P, S, T & D Plant - Demand | 12,358                     | 6,895       | 3,736      | 1,968      | -      |
| 368  | 39700 | Communication Equipment                      | 6.4                | P, S, T & D Plant - Demand | 150,312                    | 81,176      | 45,298     | 23,840     | -      |
| 369  | 39701 | Communication Equipment - Mobile Radios      | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 370  | 39702 | Communication Equipment - Fixed Radios       | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 371  | 39705 | Communication Equip. - Telemetering          | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 372  | 39800 | Miscellaneous Equipment                      | 6.4                | P, S, T & D Plant - Demand | 1,589,593                  | 863,859     | 482,030    | 253,703    | -      |
| 373  | 39900 | Other Tangible Property                      | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 374  | 39901 | Other Tangible Property - Servers - HW       | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 375  | 39902 | Other Tangible Property - Servers - SW       | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 376  | 39903 | Other Tangible Property - Network - HW       | 6.4                | P, S, T & D Plant - Demand | 35,325                     | 19,077      | 10,645     | 5,603      | -      |
| 377  | 39904 | Other Tang. Property - CPU                   | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 378  | 39905 | Other Tangible Property - MF - Hardware      | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 379  | 39906 | Other Tang. Property - PC Hardware           | 6.4                | P, S, T & D Plant - Demand | 914,193                    | 331,698     | 185,085    | 97,414     | -      |
| 380  | 39907 | Other Tang. Property - PC Software           | 6.4                | P, S, T & D Plant - Demand | 5,120                      | 2,770       | 1,546      | 814        | -      |
| 381  | 39908 | Other Tang. Property - Mainframe SW          | 6.4                | P, S, T & D Plant - Demand | 46,069                     | 24,679      | 13,883     | 7,307      | -      |
| 382  | 39909 | Other Tang. Property - Application Software  | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 383  | 39924 | Other Tang. Property - General Startup Costs | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 384  |       | Total General Plant                          |                    |                            | 7,439,276                  | 4,049,979   | 2,258,674  | 1,169,423  | 0      |
| 385  |       |  |                    |                            |                            |             |            |            |        |
| 386  |       |  |                    |                            |                            |             |            |            |        |
| 387  |       | TOTAL DIRECT PLANT                           |                    |                            | 197,836,525                | 106,841,495 | 59,817,179 | 31,377,861 | 0      |
| 388  |       |  |                    |                            |                            |             |            |            |        |
| 389  |       | CWP w/o AFUDC                                | 6.4                | P, S, T & D Plant - Demand | 5,267,841                  | 2,844,796   | 1,597,361  | 835,474    | 0      |
| 390  |       |  |                    |                            |                            |             |            |            |        |
| 391  |       | Kentucky Mid-States General Office:          |                    |                            |                            |             |            |            |        |
| 392  |       |  |                    |                            |                            |             |            |            |        |
| 393  |       | Intangible Plant:                            |                    |                            |                            |             |            |            |        |
| 394  |       |  |                    |                            |                            |             |            |            |        |
| 395  | 30100 | Organization                                 | 6.4                | P, S, T & D Plant - Demand | 33,630                     | 18,324      | 10,225     | 5,381      | -      |
| 396  | 30200 | Franchises & Consents                        | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 397  | 30300 | Misc Intangible Plant                        | 6.4                | P, S, T & D Plant - Demand | 203,158                    | 109,715     | 61,221     | 32,222     | -      |
| 398  |       |  |                    |                            |                            |             |            |            |        |
| 399  |       | Total Intangible Plant:                      |                    |                            | 237,088                    | 128,039     | 71,445     | 37,603     | 0      |
| 400  |       |  |                    |                            |                            |             |            |            |        |
| 401  |       | General:                                     |                    |                            |                            |             |            |            |        |
| 402  |       |  |                    |                            |                            |             |            |            |        |
| 403  | 37400 | Land & Land Rights                           | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 404  | 39001 | Structures-Frame                             | 6.4                | P, S, T & D Plant - Demand | 32,837                     | 17,733      | 8,995      | 5,208      | -      |
| 405  | 39002 | Structures & Improvements                    | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 406  | 38900 | Land & Land Rights                           | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 407  | 39004 | Air Conditioning Equipment                   | 6.4                | P, S, T & D Plant - Demand | 1,057                      | 571         | 318        | 168        | -      |
| 408  | 39009 | Improvement to leased Premises               | 6.4                | P, S, T & D Plant - Demand | 28,237                     | 15,250      | 8,508      | 4,479      | -      |
| 409  | 39100 | Office Furniture & Equipment                 | 6.4                | P, S, T & D Plant - Demand | 7,810                      | 4,218       | 2,353      | 1,239      | -      |
| 410  | 39102 | Remittance Processing Equip                  | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 411  | 39103 | Office Machines                              | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 412  | 39200 | Transportation Equipment                     | 6.4                | P, S, T & D Plant - Demand | 752                        | 406         | 227        | 119        | -      |
| 413  | 39201 | Trucks                                       | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 414  | 39202 | Trailers                                     | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 415  | 39300 | Stores Equipment                             | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 416  | 39400 | Tools, Shop & Garage Equipment               | 6.4                | P, S, T & D Plant - Demand | 29,975                     | 16,189      | 9,033      | 4,754      | -      |
| 417  | 39500 | Power Operated Equipment                     | 6.4                | P, S, T & D Plant - Demand | 2,021                      | 1,091       | 609        | 321        | -      |
| 418  | 39603 | Ditchers                                     | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 419  | 39604 | Backhoes                                     | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 420  | 39605 | Welders                                      | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 421  | 39700 | Communication Equipment                      | 6.4                | P, S, T & D Plant - Demand | 41,310                     | 22,309      | 12,448     | 6,552      | -      |
| 422  | 39701 | Communication Equipment - Mobile Radios      | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 423  | 39702 | Communication Equipment - Fixed Radios       | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 424  | 39705 | Communication Equip. - Telemetering          | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 425  | 39800 | Miscellaneous Equipment                      | 6.4                | P, S, T & D Plant - Demand | 161,535                    | 87,237      | 48,678     | 25,620     | -      |
| 426  | 39900 | Other Tangible Property                      | 6.4                | P, S, T & D Plant - Demand | 14,097                     | 7,613       | 4,248      | 2,236      | -      |
| 427  | 39901 | Other Tangible Property - Servers - HW       | 6.4                | P, S, T & D Plant - Demand | 63,021                     | 34,035      | 18,991     | 9,996      | -      |
| 428  | 39902 | Other Tangible Property - Servers - SW       | 6.4                | P, S, T & D Plant - Demand | 1,515                      | 818         | 456        | 240        | -      |
| 429  | 39903 | Other Tangible Property - Network - HW       | 6.4                | P, S, T & D Plant - Demand | 38,333                     | 20,702      | 11,552     | 6,080      | -      |
| 430  | 39904 | Other Tang. Property - CPU                   | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 431  | 39905 | Other Tangible Property - MF - Hardware      | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 432  | 39906 | Other Tang. Property - PC Hardware           | 6.4                | P, S, T & D Plant - Demand | 50,522                     | 32,145      | 17,937     | 9,440      | -      |
| 433  | 39907 | Other Tang. Property - PC Software           | 6.4                | P, S, T & D Plant - Demand | 13,710                     | 7,404       | 4,132      | 2,175      | -      |
| 434  | 39908 | Other Tang. Property - Mainframe SW          | 6.4                | P, S, T & D Plant - Demand | 164,509                    | 88,843      | 48,574     | 26,092     | -      |
| 435  | 39909 | Other Tang. Property - Application Software  | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 436  | 39924 | Other Tang. Property - General Startup Costs | 6.4                | P, S, T & D Plant - Demand | 0                          | -           | -          | -          | -      |
| 437  |       |  |                    |                            |                            |             |            |            |        |
| 438  |       | Total General Plant                          |                    |                            | 660,241                    | 356,563     | 198,961    | 104,718    | 0      |
| 439  |       |  |                    |                            |                            |             |            |            |        |
| 440  |       | CWP w/o AFUDC                                | 6.4                | P, S, T & D Plant - Demand | (31,950)                   | (17,254)    | (9,628)    | (5,067)    | 0      |

| Alton Energy Corporation, Kentucky/Mid-States Division   |                                   |  |                                |             |
|--|-----------------------------------|--|--------------------------------|-------------|
| Class Cost of Service - Demand/Commodity Study           |                                   |  |                                |             |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                   |  |                                |             |
| ALLOCATION OF PLANT IN SERVICE                           |                                   |  |                                |             |
| 441  |                                   |  |                                |             |
| 442  | Shared Services General Office:   |  |                                |             |
| 443  |                                   |  |                                |             |
| 444  | General:                          |  |                                |             |
| 445  |                                   |  |                                |             |
| 446  | 37400                             | Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 0           |
| 447  | 39001                             | Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 0           |
| 448  | 39602                             | Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 98,560      |
| 449  | 37503                             | Improvements                                 | 6.4 P, S, T & D Plant - Demand | 0           |
| 450  | 39504                             | Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 0           |
| 451  | 39009                             | Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 189,343     |
| 452  | 39100                             | Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 220,445     |
| 453  | 39102                             | Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 0           |
| 454  | 39103                             | Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           |
| 455  | 39200                             | Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 2,028       |
| 456  | 39201                             | Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           |
| 457  | 39202                             | Trailers                                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 458  | 39300                             | Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           |
| 459  | 39400                             | Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 31,406      |
| 460  | 39600                             | Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 463         |
| 461  | 39603                             | Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 462  | 39604                             | Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 463  | 39605                             | Welders                                      | 6.4 P, S, T & D Plant - Demand | 0           |
| 464  | 39700                             | Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 49,838      |
| 465  | 39701                             | Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           |
| 466  | 39702                             | Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           |
| 467  | 39705                             | Communication Equip. - Telemetering          | 6.4 P, S, T & D Plant - Demand | 0           |
| 468  | 39800                             | Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 10,784      |
| 469  | 39900                             | Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 3,259       |
| 470  | 39901                             | Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 616,307     |
| 471  | 39902                             | Other Tangible Property - Servers - S/W      | 6.4 P, S, T & D Plant - Demand | 377,841     |
| 472  | 39903                             | Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 66,623      |
| 473  | 39904                             | Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 0           |
| 474  | 39905                             | Other Tangible Property - MP - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           |
| 475  | 39906                             | Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 44,739      |
| 476  | 39907                             | Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 13,456      |
| 477  | 39908                             | Other Tang. Property - Mainframe S/W         | 6.4 P, S, T & D Plant - Demand | 2,388,873   |
| 478  | 39909                             | Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 19,270      |
| 479  | 39904                             | Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           |
| 480  |                                   |  |                                |             |
| 481  |                                   | Total General Plant                          |                                | 4,143,373   |
| 482  |                                   |  |                                | 2,237,626   |
| 483  |                                   | CWMP w/o AFUDC                               | 6.4 P, S, T & D Plant - Demand | 231,342     |
| 484  |                                   |  |                                | 124,856     |
| 485  |                                   |  |                                | 69,714      |
| 486  |                                   |  |                                | 36,692      |
| 487  | Shared Services Customer Support: |  |                                |             |
| 488  |                                   |  |                                |             |
| 489  | General:                          |  |                                |             |
| 490  | 37400                             | Land & Land Rights                           | 6.4 P, S, T & D Plant - Demand | 98,567      |
| 491  | 39001                             | Structures Frame                             | 6.4 P, S, T & D Plant - Demand | 0           |
| 492  | 39602                             | Structures & Improvements                    | 6.4 P, S, T & D Plant - Demand | 312,442     |
| 493  | 37503                             | Improvements                                 | 6.4 P, S, T & D Plant - Demand | 0           |
| 494  | 39504                             | Air Conditioning Equipment                   | 6.4 P, S, T & D Plant - Demand | 0           |
| 495  | 39009                             | Improvement to leased Premises               | 6.4 P, S, T & D Plant - Demand | 91,581      |
| 496  | 39100                             | Office Furniture & Equipment                 | 6.4 P, S, T & D Plant - Demand | 48,741      |
| 497  | 39102                             | Remittance Processing Equip                  | 6.4 P, S, T & D Plant - Demand | 0           |
| 498  | 39103                             | Office Machines                              | 6.4 P, S, T & D Plant - Demand | 0           |
| 499  | 39200                             | Transportation Equipment                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 500  | 39201                             | Trucks                                       | 6.4 P, S, T & D Plant - Demand | 0           |
| 501  | 39202                             | Trailers                                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 502  | 39300                             | Stores Equipment                             | 6.4 P, S, T & D Plant - Demand | 0           |
| 503  | 39400                             | Tools, Shop & Garage Equipment               | 6.4 P, S, T & D Plant - Demand | 0           |
| 504  | 39600                             | Power Operated Equipment                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 505  | 39603                             | Ditchers                                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 506  | 39604                             | Backhoes                                     | 6.4 P, S, T & D Plant - Demand | 0           |
| 507  | 39605                             | Welders                                      | 6.4 P, S, T & D Plant - Demand | 0           |
| 508  | 39700                             | Communication Equipment                      | 6.4 P, S, T & D Plant - Demand | 42,917      |
| 509  | 39701                             | Communication Equipment - Mobile Radios      | 6.4 P, S, T & D Plant - Demand | 0           |
| 510  | 39702                             | Communication Equipment - Fixed Radios       | 6.4 P, S, T & D Plant - Demand | 0           |
| 511  | 39705                             | Communication Equip. - Telemetering          | 6.4 P, S, T & D Plant - Demand | 0           |
| 512  | 39800                             | Miscellaneous Equipment                      | 6.4 P, S, T & D Plant - Demand | 1,296       |
| 513  | 39900                             | Other Tangible Property                      | 6.4 P, S, T & D Plant - Demand | 13,777      |
| 514  | 39901                             | Other Tangible Property - Servers - HW       | 6.4 P, S, T & D Plant - Demand | 174,895     |
| 515  | 39902                             | Other Tangible Property - Servers - S/W      | 6.4 P, S, T & D Plant - Demand | 39,113      |
| 516  | 39903                             | Other Tangible Property - Network - HW       | 6.4 P, S, T & D Plant - Demand | 13,452      |
| 517  | 39904                             | Other Tang. Property - CPU                   | 6.4 P, S, T & D Plant - Demand | 0           |
| 518  | 39905                             | Other Tangible Property - MP - Hardware      | 6.4 P, S, T & D Plant - Demand | 0           |
| 519  | 39906                             | Other Tang. Property - PC Hardware           | 6.4 P, S, T & D Plant - Demand | 22,339      |
| 520  | 39907                             | Other Tang. Property - PC Software           | 6.4 P, S, T & D Plant - Demand | 4,388       |
| 521  | 39908                             | Other Tang. Property - Mainframe S/W         | 6.4 P, S, T & D Plant - Demand | 2,398,797   |
| 522  | 39909                             | Other Tang. Property - Application Software  | 6.4 P, S, T & D Plant - Demand | 0           |
| 523  | 39904                             | Other Tang. Property - General Startup Costs | 6.4 P, S, T & D Plant - Demand | 0           |
| 524  |                                   |  |                                |             |
| 525  |                                   | Total General Plant                          |                                | 3,232,600   |
| 526  |                                   |  |                                | 1,745,764   |
| 527  |                                   | CWMP w/o AFUDC                               | 6.4 P, S, T & D Plant - Demand | 27,849      |
| 528  |                                   |  |                                | 14,932      |
| 529  |                                   |  |                                | 9,332       |
| 530  |                                   | TOTAL PLANT IN SERVICE - DEMAND              |                                | 208,109,827 |
| 531  |                                   |  |                                | 111,309,476 |
| 532  |                                   |  |                                | 62,110,303  |
| 533  |                                   |  |                                | 0           |
| 534  |                                   | TOTAL CWMP W/O AFUDC - DEMAND                |                                | 5,494,652   |
| 535  |                                   |  |                                | 2,967,399   |
| 536  |                                   |  |                                | 1,655,769   |
| 537  |                                   |  |                                | 0           |
| 538  |                                   |  |                                | 871,454     |



| Atrios Energy Corporation, Kentucky/Mid-States Division  |          |  |                                   |             |            |            |           |            |            |
|--|----------|--|-----------------------------------|-------------|------------|------------|-----------|------------|------------|
| Class Cost of Service - Demand/Commodity Study           |          |  |                                   |             |            |            |           |            |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |                                   |             |            |            |           |            |            |
| ALLOCATION OF PLANT IN SERVICE                           |          |  |                                   |             |            |            |           |            |            |
| 611  | General: |  |                                   |             |            |            |           |            |            |
| 612  | General: |  |                                   |             |            |            |           |            |            |
| 614  | 38900    | Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 204,099     | 65,409     | 42,594     | 2,001     | 45,151     | 48,944     |
| 615  | 39000    | Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 1,040,056   | 333,327    | 217,059    | 10,159    | 230,091    | 249,421    |
| 616  | 39001    | Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 617  | 39002    | Structures-Brick                             | 6.6 P, S, T & D Plant - Commodity | 34,352      | 11,022     | 7,177      | 337       | 7,608      | 6,247      |
| 618  | 39003    | Improvements                                 | 6.6 P, S, T & D Plant - Commodity | 140,893     | 48,153     | 29,403     | 1,361     | 31,165     | 33,787     |
| 619  | 39004    | Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 1,483       | 475        | 309        | 15        | 328        | 385        |
| 620  | 39009    | Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 247,575     | 79,342     | 51,667     | 2,427     | 54,769     | 59,370     |
| 621  | 39100    | Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 386,102     | 123,737    | 80,576     | 3,786     | 85,414     | 92,589     |
| 622  | 39102    | Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 623  | 39103    | Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 624  | 39200    | Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 72,097      | 23,105     | 15,048     | 797       | 15,949     | 17,289     |
| 625  | 39201    | Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 628  | 39202    | Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 8,594       | 2,113      | 1,378      | 65        | 1,459      | 1,581      |
| 627  | 39300    | Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 628  | 39400    | Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 527,309     | 168,891    | 110,045    | 5,179     | 116,652    | 128,452    |
| 629  | 39600    | Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 630  | 39603    | Ditchers                                     | 6.6 P, S, T & D Plant - Commodity | 9,397       | 3,012      | 1,961      | 92        | 2,079      | 2,254      |
| 631  | 39604    | Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 12,466      | 3,995      | 2,601      | 122       | 2,758      | 2,000      |
| 632  | 39605    | Welders                                      | 6.6 P, S, T & D Plant - Commodity | 6,603       | 2,116      | 1,378      | 65        | 1,461      | 1,583      |
| 633  | 39700    | Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 80,062      | 26,858     | 16,708     | 785       | 17,711     | 19,150     |
| 634  | 39701    | Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 635  | 39702    | Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 636  | 39705    | Communication Equip. - Telemetry             | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 637  | 39900    | Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 852,003     | 273,048    | 177,806    | 6,353     | 188,481    | 204,315    |
| 638  | 39900    | Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 639  | 39901    | Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 640  | 39902    | Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 641  | 39903    | Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 18,815      | 6,030      | 3,927      | 184       | 4,162      | 4,512      |
| 642  | 39904    | Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 643  | 39905    | Other Tangible Property - MF - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 644  | 39906    | Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 327,144     | 104,842    | 68,272     | 3,207     | 72,371     | 78,451     |
| 645  | 39907    | Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 2,732       | 876        | 570        | 27        | 604        | 655        |
| 646  | 39908    | Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 24,538      | 7,864      | 5,121      | 241       | 5,429      | 5,884      |
| 647  | 39909    | Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 648  | 39924    | Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 649  |          |  |                                   | 0           | -          | -          | -         | -          | -          |
| 650  |          | Total General Plant                          |                                   | 3,994,397   | 1,280,114  | 833,597    | 39,163    | 883,644    | 957,878    |
| 651  |          | TOTAL DIRECT PLANT                           |                                   | 105,375,204 | 33,770,376 | 21,890,920 | 1,033,195 | 23,311,202 | 25,269,551 |
| 654  |          | CWP w/o AFUDC                                | 6.6 P, S, T & D Plant - Commodity | 2,805,744   | 898,176    | 585,535    | 27,509    | 620,689    | 672,833    |
| 655  |          | Kentucky Mid-States General Office:          |                                   |             |            |            |           |            |            |
| 656  |          | Inangible Plant:                             |                                   |             |            |            |           |            |            |
| 657  |          |  |                                   |             |            |            |           |            |            |
| 658  |          |  |                                   |             |            |            |           |            |            |
| 659  | 30100    | Organization                                 | 6.6 P, S, T & D Plant - Commodity | 18,072      | 5,792      | 3,772      | 177       | 3,988      | 4,334      |
| 661  | 30200    | Franchises & Consents                        | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 662  | 30300    | Misc Inangible Plant                         | 6.6 P, S, T & D Plant - Commodity | 198,209     | 34,679     | 22,582     | 1,061     | 23,938     | 25,949     |
| 683  |          | Total Inangible Plant:                       |                                   | 126,282     | 40,470     | 26,354     | 1,238     | 27,926     | 30,283     |
| 684  |          |  |                                   |             |            |            |           |            |            |
| 685  |          | General:                                     |                                   |             |            |            |           |            |            |
| 686  |          |  |                                   |             |            |            |           |            |            |
| 687  |          |  |                                   |             |            |            |           |            |            |
| 688  | 37400    | Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 689  | 39001    | Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 17,490      | 5,805      | 3,650      | 171       | 3,669      | 4,184      |
| 670  | 39002    | Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 671  | 39000    | Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 672  | 39004    | Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 563         | 180        | 117        | 6         | 125        | 135        |
| 673  | 39009    | Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 15,040      | 4,820      | 3,139      | 147       | 3,327      | 3,607      |
| 674  | 39100    | Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 4,160       | 1,333      | 898        | 41        | 920        | 998        |
| 675  | 39102    | Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 676  | 39103    | Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 677  | 39200    | Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 401         | 128        | 84         | 4         | 89         | 96         |
| 678  | 39201    | Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 679  | 39202    | Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 680  | 39300    | Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 681  | 39400    | Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 15,969      | 5,117      | 3,332      | 157       | 3,532      | 3,820      |
| 682  | 39600    | Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 1,076       | 345        | 225        | 11        | 238        | 299        |
| 683  | 39603    | Ditchers                                     | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 684  | 39604    | Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 685  | 39605    | Welders                                      | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 686  | 39700    | Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 22,003      | 7,051      | 4,582      | 216       | 4,868      | 5,276      |
| 687  | 39701    | Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 688  | 39702    | Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 689  | 39705    | Communication Equip. - Telemetry             | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 690  | 39900    | Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 86,040      | 27,674     | 17,859     | 844       | 19,034     | 20,633     |
| 691  | 39900    | Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 7,509       | 2,406      | 1,567      | 74        | 1,561      | 1,691      |
| 692  | 39901    | Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 33,558      | 10,759     | 7,005      | 329       | 7,420      | 8,050      |
| 693  | 39902    | Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 807         | 258        | 168        | 8         | 179        | 193        |
| 694  | 39903    | Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 20,418      | 6,543      | 4,261      | 200       | 4,517      | 4,890      |
| 695  | 39904    | Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 696  | 39905    | Other Tangible Property - MF - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 697  | 39906    | Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 31,704      | 10,160     | 6,616      | 311       | 7,013      | 7,693      |
| 698  | 39907    | Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 7,303       | 2,340      | 1,524      | 72        | 1,616      | 1,751      |
| 699  | 39908    | Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 87,624      | 28,081     | 18,286     | 859       | 19,384     | 21,013     |
| 700  | 39909    | Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 701  | 39924    | Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          | -          |
| 702  |          |  |                                   | 0           | -          | -          | -         | -          | -          |
| 703  |          | Total General Plant                          |                                   | 351,689     | 112,702    | 73,360     | 3,448     | 77,797     | 84,332     |
| 704  |          |  |                                   |             |            |            |           |            |            |
| 705  |          | CWP w/o AFUDC                                | 6.6 P, S, T & D Plant - Commodity | (17,018)    | (5,454)    | (3,551)    | (107)     | (3,765)    | (4,081)    |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |                                    |  |     |                               |             |            |            |           |            |            |
|--|------------------------------------|--|-----|-------------------------------|-------------|------------|------------|-----------|------------|------------|
| Class Cost of Service - Demand/Commodity Study           |                                    |  |     |                               |             |            |            |           |            |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                    |  |     |                               |             |            |            |           |            |            |
| ALLOCATION OF PLANT IN SERVICE                           |                                    |  |     |                               |             |            |            |           |            |            |
| 706  | Shared Services General Office:    |  |     |                               |             |            |            |           |            |            |
| 707  | General:                           |  |     |                               |             |            |            |           |            |            |
| 708  |                                    |  |     |                               |             |            |            |           |            |            |
| 709  |                                    |  |     |                               |             |            |            |           |            |            |
| 710  |                                    |  |     |                               |             |            |            |           |            |            |
| 711  | 37400                              | Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 712  | 36601                              | Structures Frame                             | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 713  | 36602                              | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 52,487      | 16,824     | 10,959     | 615       | 11,613     |            |
| 714  | 37503                              | Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 715  | 39004                              | Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 716  | 39009                              | Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 100,851     | 32,321     | 21,047     | 989       | 22,310     |            |
| 717  | 39100                              | Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 117,417     | 37,630     | 24,504     | 1,151     | 25,975     |            |
| 718  | 39102                              | Rentance Processing Equip                    | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 719  | 39103                              | Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 720  | 39200                              | Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 1,080       | 346        | 225        | 11        | 239        |            |
| 721  | 39201                              | Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 722  | 39202                              | Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 723  | 39300                              | Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 724  | 39400                              | Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 16,728      | 6,381      | 3,491      | 164       | 3,701      |            |
| 725  | 39600                              | Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 247         | 79         | 52         | 2         | 55         |            |
| 726  | 39603                              | Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 727  | 39604                              | Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 728  | 39606                              | Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 729  | 39700                              | Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 26,699      | 8,524      | 5,551      | 281       | 5,884      |            |
| 730  | 39701                              | Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 731  | 39702                              | Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 732  | 39705                              | Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 733  | 39800                              | Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 5,744       | 1,841      | 1,199      | 56        | 1,271      |            |
| 734  | 39900                              | Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 1,756       | 563        | 358        | 17        | 388        |            |
| 735  | 39901                              | Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 328,268     | 105,203    | 68,507     | 3,210     | 72,620     |            |
| 736  | 39902                              | Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 201,252     | 64,497     | 42,000     | 1,973     | 44,521     |            |
| 737  | 39903                              | Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 35,486      | 11,372     | 7,408      | 348       | 7,650      |            |
| 738  | 39904                              | Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 739  | 39905                              | Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 740  | 39906                              | Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 23,630      | 7,637      | 4,973      | 234       | 5,272      |            |
| 741  | 39907                              | Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 7,167       | 2,297      | 1,496      | 70        | 1,585      |            |
| 742  | 39908                              | Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 1,277,730   | 409,484    | 266,652    | 12,528    | 282,661    |            |
| 743  | 39909                              | Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 10,264      | 3,289      | 2,142      | 101       | 2,271      |            |
| 744  | 39924                              | Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 745  |                                    |  |     |                               |             |            |            |           |            |            |
| 746  | Total General Plant                |  |     |                               |             |            |            |           |            |            |
| 747  |                                    |  |     |                               | 2,206,917   | 707,267    | 460,565    | 21,638    | 488,216    | 529,231    |
| 748  | CWIP w/o AFUDC                     |  |     |                               |             |            |            |           |            |            |
| 749  |                                    |  |     |                               | 123,221     | 39,490     | 25,715     | 1,208     | 27,259     | 29,545     |
| 750  | Shared Services Customer Support:  |  |     |                               |             |            |            |           |            |            |
| 751  | General:                           |  |     |                               |             |            |            |           |            |            |
| 752  |                                    |  |     |                               |             |            |            |           |            |            |
| 753  |                                    |  |     |                               |             |            |            |           |            |            |
| 754  | 37400                              | Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 36,681      | 11,756     | 7,655      | 360       | 8,115      |            |
| 755  | 39001                              | Structures Frame                             | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 756  | 36602                              | Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 166,418     | 53,333     | 34,730     | 1,632     | 36,815     |            |
| 757  | 37503                              | Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 758  | 39004                              | Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 759  | 39009                              | Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 48,769      | 15,633     | 10,180     | 478       | 10,791     |            |
| 760  | 39100                              | Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 25,951      | 8,320      | 5,418      | 255       | 5,743      |            |
| 761  | 39102                              | Rentance Processing Equip                    | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 762  | 39103                              | Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 763  | 39200                              | Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 764  | 39201                              | Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 765  | 39202                              | Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 766  | 39300                              | Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 767  | 39400                              | Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 768  | 39600                              | Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 769  | 39603                              | Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 770  | 39604                              | Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 771  | 39606                              | Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 772  | 39700                              | Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 22,859      | 7,326      | 4,770      | 224       | 5,057      |            |
| 773  | 39701                              | Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 774  | 39702                              | Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 775  | 39705                              | Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 776  | 39800                              | Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 690         | 221        | 144        | 7         | 153        |            |
| 777  | 39900                              | Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 7,338       | 2,352      | 1,531      | 72        | 1,523      |            |
| 778  | 39901                              | Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 93,156      | 29,854     | 19,441     | 913       | 20,608     |            |
| 779  | 39902                              | Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 20,833      | 6,677      | 4,346      | 204       | 4,609      |            |
| 780  | 39903                              | Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 7,165       | 2,285      | 1,495      | 70        | 1,565      |            |
| 781  | 39904                              | Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 782  | 39905                              | Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 783  | 39906                              | Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 11,695      | 3,612      | 2,483      | 117       | 2,632      |            |
| 784  | 39907                              | Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 2,337       | 749        | 489        | 23        | 517        |            |
| 785  | 39908                              | Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 1,277,690   | 409,471    | 266,643    | 12,527    | 282,652    |            |
| 786  | 39909                              | Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 787  | 39924                              | Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0           | -          | -          | -         | -          |            |
| 788  |                                    |  |     |                               |             |            |            |           |            |            |
| 789  | Total General Plant                |  |     |                               |             |            |            |           |            |            |
| 790  |                                    |  |     |                               | 1,721,605   | 551,800    | 359,326    | 16,891    | 380,899    | 412,899    |
| 791  | CWIP w/o AFUDC                     |  |     |                               |             |            |            |           |            |            |
| 792  |                                    |  |     |                               | 14,727      | 4,720      | 3,073      | 144       | 3,258      | 3,532      |
| 793  | TOTAL PLANT IN SERVICE - COMMODITY |  |     |                               |             |            |            |           |            |            |
| 794  |                                    |  |     |                               | 109,781,877 | 35,182,615 | 22,910,556 | 1,076,360 | 24,296,051 | 26,329,236 |
| 795  | TOTAL CWIP W/O AFUDC - COMMODITY   |  |     |                               |             |            |            |           |            |            |
|  |                                    |  |     |                               | 2,926,675   | 937,633    | 610,773    | 28,695    | 647,442    | 701,633    |



Altros Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF PLANT IN SERVICE

|                   |           | Total Plant In Service |                                    |               |                   |                    |                             |                |                         |
|-------------------|-----------|------------------------|------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Line No.          | Acct. No. | Allocation Factor      | Allocation Basis                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 796               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 797               |           |                        |                                    |               |                   |                    |                             |                |                         |
| Intangible Plant: |           |                        |                                    |               |                   |                    |                             |                |                         |
| 798               | 30100     |                        | Organization                       | 8,330         | 4,852             | 2,158              | 19                          | 680            | 414                     |
| 799               | 30200     |                        | Franchises & Consents              | 119,853       | 69,813            | 31,024             | 273                         | 12,787         | 5,957                   |
| 800               | 30300     |                        | Misc Intangible Plant              | 0             | -                 | -                  | -                           | -              | -                       |
| 801               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 802               |           |                        | Total Intangible Plant:            | 128,183       | 74,665            | 33,180             | 292                         | 13,675         | 6,371                   |
| 803               |           |                        |                                    |               |                   |                    |                             |                |                         |
| Production Plant: |           |                        |                                    |               |                   |                    |                             |                |                         |
| 804               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 805               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 806               | 32520     |                        | Producing Leaseholds               | 0             | -                 | -                  | -                           | -              | -                       |
| 807               | 32540     |                        | Rights of Ways                     | 0             | -                 | -                  | -                           | -              | -                       |
| 808               | 33100     |                        | Production Gas Wells Equipment     | 0             | -                 | -                  | -                           | -              | -                       |
| 809               | 33201     |                        | Field Lines                        | 0             | -                 | -                  | -                           | -              | -                       |
| 810               | 33202     |                        | Tributary Lines                    | 0             | -                 | -                  | -                           | -              | -                       |
| 811               | 33400     |                        | Field Meas. & Reg. Sta. Equip      | 0             | -                 | -                  | -                           | -              | -                       |
| 812               | 33600     |                        | Purification Equipment             | 0             | -                 | -                  | -                           | -              | -                       |
| 813               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 814               |           |                        | Total Production Plant             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 815               |           |                        |                                    |               |                   |                    |                             |                |                         |
| Storage Plant:    |           |                        |                                    |               |                   |                    |                             |                |                         |
| 816               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 817               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 818               | 35010     |                        | Land                               | 261,127       | 121,629           | 70,163             | 970                         | 44,795         | 23,570                  |
| 819               | 35020     |                        | Rights of Way                      | 4,662         | 2,191             | 1,258              | 17                          | 603            | 423                     |
| 820               | 35100     |                        | Structures and Improvements        | 17,916        | 8,345             | 4,814              | 67                          | 3,073          | 1,617                   |
| 821               | 35102     |                        | Compression Station Equipment      | 193,261       | 71,307            | 41,190             | 589                         | 26,291         | 13,834                  |
| 822               | 35103     |                        | Meas. & Reg. Sta. Structures       | 23,138        | 10,777            | 6,217              | 86                          | 3,959          | 2,059                   |
| 823               | 35104     |                        | Other Structures                   | 137,443       | 64,018            | 36,930             | 511                         | 23,578         | 12,408                  |
| 824               | 35200     |                        | Wells & Rights of Way              | 9,995,522     | 4,238,549         | 2,443,909          | 33,792                      | 1,560,287      | 820,986                 |
| 825               | 35201     |                        | Well Construction                  | 1,699,099     | 791,832           | 456,779            | 6,316                       | 291,625        | 153,445                 |
| 826               | 35202     |                        | Well Equipment                     | 415,819       | 193,682           | 111,728            | 1,545                       | 71,331         | 37,533                  |
| 827               | 35203     |                        | Custion Gas                        | 1,694,633     | 789,426           | 455,391            | 6,297                       | 290,739        | 152,980                 |
| 828               | 35210     |                        | Leaseholds                         | 178,530       | 83,158            | 47,970             | 663                         | 30,636         | 16,115                  |
| 829               | 35211     |                        | Storage Rights                     | 54,614        | 25,438            | 14,675             | 203                         | 9,369          | 4,930                   |
| 830               | 35301     |                        | Field Lines                        | 178,497       | 83,141            | 47,961             | 663                         | 30,620         | 16,112                  |
| 831               | 35302     |                        | Tributary Lines                    | 209,458       | 97,562            | 56,290             | 778                         | 35,931         | 18,006                  |
| 832               | 35400     |                        | Compression Station Equipment      | 923,448       | 430,126           | 248,124            | 3,431                       | 168,412        | 83,353                  |
| 833               | 35500     |                        | Meas. & Reg. Equipment             | 240,863       | 112,199           | 64,724             | 895                         | 41,322         | 21,743                  |
| 834               | 35600     |                        | Purification Equipment             | 414,663       | 193,144           | 111,417            | 1,541                       | 71,133         | 37,429                  |
| 835               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 836               |           |                        | Total Storage Plant                | 15,703,831    | 7,314,593         | 4,219,520          | 58,343                      | 2,693,906      | 1,417,469               |
| 837               |           |                        |                                    |               |                   |                    |                             |                |                         |
| Transmission:     |           |                        |                                    |               |                   |                    |                             |                |                         |
| 838               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 839               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 840               | 36510     |                        | Land & Land Rights                 | 26,970        | 14,565            | 8,127              | -                           | 4,278          | -                       |
| 841               | 36520     |                        | Rights of Way                      | 967,772       | 498,640           | 281,499            | -                           | 137,633        | -                       |
| 842               | 36602     |                        | Structures & Improvements          | 49,002        | 26,463            | 14,766             | -                           | 7,772          | -                       |
| 843               | 36603     |                        | Other Structures                   | 80,628        | 32,849            | 18,330             | -                           | 9,647          | -                       |
| 844               | 36700     |                        | Main Cathodic Protection           | 185,568       | 109,164           | 55,902             | -                           | 29,423         | -                       |
| 845               | 36701     |                        | Mains - Steel                      | 27,782,017    | 14,992,859        | 8,365,984          | -                           | 4,403,195      | -                       |
| 846               | 36900     |                        | Meas. & Reg. Equipment             | 615,022       | 332,142           | 185,334            | -                           | 97,546         | -                       |
| 847               | 36901     |                        | Meas. & Reg. Equipment             | 2,269,871     | 1,229,843         | 684,016            | -                           | 360,013        | -                       |
| 848               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 849               |           |                        | Total Transmission Plant           | 31,836,890    | 17,165,549        | 9,693,939          | 0                           | 5,049,508      | 0                       |
| 850               |           |                        |                                    |               |                   |                    |                             |                |                         |
| Distribution:     |           |                        |                                    |               |                   |                    |                             |                |                         |
| 851               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 852               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 853               | 37400     |                        | Land & Land Rights                 | 531,167       | 240,868           | 140,746            | 2,035                       | 97,913         | 49,894                  |
| 854               | 37401     |                        | Land                               | 37,328        | 18,333            | 9,891              | 143                         | 6,860          | 3,530                   |
| 855               | 37402     |                        | Land Rights                        | 1,508,932     | 684,539           | 399,829            | 5,782                       | 277,299        | 141,483                 |
| 856               | 37403     |                        | Land Other                         | 2,784         | 1,263             | 738                | 11                          | 512            | 261                     |
| 857               | 37500     |                        | Structures & Improvements          | 336,168       | 162,505           | 89,076             | 1,288                       | 61,778         | 31,520                  |
| 858               | 37601     |                        | Structures & Improvements T.B.     | 90,818        | 45,283            | 26,449             | 393                         | 18,344         | 9,359                   |
| 859               | 37602     |                        | Land Rights                        | 48,264        | 23,988            | 12,289             | 177                         | 8,502          | 4,338                   |
| 860               | 37603     |                        | Improvements                       | 4,005         | 1,817             | 1,061              | 15                          | 736            | 376                     |
| 861               | 37600     |                        | Mains Cathodic Protection          | 20,008,048    | 9,076,805         | 5,301,632          | 76,670                      | 3,678,910      | 1,876,029               |
| 862               | 37601     |                        | Mains - Steel                      | 112,357,721   | 60,971,948        | 29,771,987         | 430,551                     | 20,848,165     | 10,536,079              |
| 863               | 37602     |                        | Mains - Plastic                    | 97,163,197    | 44,978,835        | 25,745,816         | 372,326                     | 17,855,893     | 9,110,384               |
| 864               | 37800     |                        | Meas. & Reg. Sta. Equip - General  | 7,482,837     | 3,386,574         | 1,977,495          | 28,597                      | 1,371,457      | 693,743                 |
| 865               | 37800     |                        | Meas. & Reg. Sta. Equip - City Gas | 3,151,875     | 1,429,872         | 835,168            | 12,078                      | 579,225        | 295,532                 |
| 866               | 37905     |                        | Meas. & Reg. Sta. Equipment T.B.   | 1,993,821     | 632,317           | 368,328            | 5,341                       | 268,145        | 130,690                 |
| 867               | 38000     |                        | Services                           | 118,202,045   | 105,214,238       | 12,848,414         | 7,692                       | 82,867         | 47,834                  |
| 868               | 38100     |                        | Meters                             | 34,890,273    | 20,730,810        | 12,918,067         | 57,288                      | 624,957        | 330,350                 |
| 869               | 38200     |                        | Meter Installations                | 51,532,830    | 30,855,170        | 19,227,063         | 85,296                      | 938,178        | 534,852                 |
| 870               | 38300     |                        | House Regulators                   | 8,426,352     | 5,934,921         | 3,137,459          | 19,914                      | 161,798        | 87,277                  |
| 871               | 38400     |                        | House Reg. Installations           | 154,278       | 92,194            | 57,450             | 255                         | 2,779          | 1,598                   |
| 872               | 38500     |                        | Ind. Meas. & Reg. Sta. Equipment   | 5,433,873     | -                 | 5,375,972          | 3,218                       | 34,670         | 20,013                  |
| 873               | 38500     |                        | Other Prop. On Cust. Prem          | 0             | -                 | -                  | -                           | -              | -                       |
| 874               |           |                        |                                    |               |                   |                    |                             |                |                         |
| 875               |           |                        | Total Distribution Plant           | 462,642,335   | 272,866,783       | 118,246,893        | 1,103,031                   | 46,868,607     | 23,930,022              |

| Almos Energy Corporation, Kentucky/Mid-States Division   |          |  |             |             |             |           |            |            |
|--|----------|--|-------------|-------------|-------------|-----------|------------|------------|
| Class Cost of Service - Demand/Commodity Study           |          |  |             |             |             |           |            |            |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |             |             |             |           |            |            |
| <b>ALLOCATION OF PLANT IN SERVICE</b>                    |          |  |             |             |             |           |            |            |
| 876  | General: |  |             |             |             |           |            |            |
| 877  |          |  |             |             |             |           |            |            |
| 878  |          |  |             |             |             |           |            |            |
| 879  | 38806    | Land & Land Rights                           | 1,027,350   | 598,418     | 265,028     | 2,339     | 109,605    | 51,060     |
| 880  | 39000    | Structures & Improvements                    | 5,235,434   | 3,049,571   | 1,355,186   | 11,918    | 558,554    | 260,205    |
| 881  | 39001    | Structures Frame                             | 0           | 0           | 0           | 0         | 0          | 0          |
| 882  | 39002    | Structures-Elect                             | 173,115     | 100,637     | 44,811      | 594       | 18,469     | 8,504      |
| 883  | 39003    | Improvements                                 | 703,159     | 419,029     | 183,375     | 1,814     | 79,662     | 35,246     |
| 884  | 39004    | Air Conditioning Equipment                   | 7,461       | 4,346       | 1,931       | 17        | 796        | 371        |
| 885  | 39009    | Improvement to leased Premises               | 1,246,194   | 725,832     | 322,576     | 2,837     | 132,953    | 61,937     |
| 886  | 39100    | Office Furniture & Equipment                 | 1,943,487   | 1,132,055   | 603,069     | 4,424     | 207,345    | 96,593     |
| 887  | 39102    | Remittance Processing Equip                  | 0           | 0           | 0           | 0         | 0          | 0          |
| 888  | 39103    | Office Machines                              | 0           | 0           | 0           | 0         | 0          | 0          |
| 889  | 39200    | Transportation Equipment                     | 362,908     | 211,389     | 93,938      | 829       | 38,717     | 18,037     |
| 890  | 39201    | Trucks                                       | 0           | 0           | 0           | 0         | 0          | 0          |
| 891  | 39202    | Trailers                                     | 33,192      | 19,334      | 8,592       | 76        | 3,541      | 1,650      |
| 892  | 39500    | Stores Equipment                             | 0           | 0           | 0           | 0         | 0          | 0          |
| 893  | 39400    | Tools, Shop & Garage Equipment               | 2,654,289   | 1,546,076   | 687,055     | 6,042     | 283,177    | 131,919    |
| 894  | 39600    | Power Operated Equipment                     | 0           | 0           | 0           | 0         | 0          | 0          |
| 895  | 39603    | Ditchers                                     | 47,303      | 27,553      | 12,244      | 108       | 5,047      | 2,351      |
| 896  | 39604    | Backhoes                                     | 62,747      | 36,549      | 16,242      | 143       | 6,694      | 3,110      |
| 897  | 39605    | Welders                                      | 33,236      | 19,359      | 8,603       | 76        | 3,546      | 1,652      |
| 898  | 39700    | Communication Equipment                      | 402,999     | 234,741     | 104,310     | 917       | 42,995     | 20,020     |
| 899  | 39701    | Communication Equipment - Mobile Radios      | 0           | 0           | 0           | 0         | 0          | 0          |
| 900  | 39702    | Communication Equipment - Fixed Radios       | 0           | 0           | 0           | 0         | 0          | 0          |
| 901  | 39705    | Communication Equip. - Telemetering          | 0           | 0           | 0           | 0         | 0          | 0          |
| 902  | 39800    | Miscellaneous Equipment                      | 4,288,652   | 2,498,083   | 1,110,113   | 9,763     | 457,544    | 213,149    |
| 903  | 39900    | Other Tangible Property                      | 0           | 0           | 0           | 0         | 0          | 0          |
| 904  | 39901    | Other Tangible Property - Servers - HW       | 0           | 0           | 0           | 0         | 0          | 0          |
| 905  | 39902    | Other Tangible Property - Servers - SW       | 0           | 0           | 0           | 0         | 0          | 0          |
| 906  | 39903    | Other Tangible Property - Network - HW       | 94,709      | 55,167      | 24,515      | 216       | 10,104     | 4,707      |
| 907  | 39904    | Other Tang. Property - CPU                   | 0           | 0           | 0           | 0         | 0          | 0          |
| 908  | 39905    | Other Tangible Property - MP - Hardware      | 0           | 0           | 0           | 0         | 0          | 0          |
| 909  | 39906    | Other Tang. Property - PC Hardware           | 1,846,713   | 959,188     | 426,250     | 3,749     | 173,683    | 81,843     |
| 910  | 39907    | Other Tang. Property - PC Software           | 13,752      | 8,010       | 3,560       | 31        | 1,467      | 683        |
| 911  | 39908    | Other Tang. Property - Mainframe SW          | 123,515     | 71,948      | 31,972      | 281       | 13,177     | 6,139      |
| 912  | 39909    | Other Tang. Property - Application Software  | 0           | 0           | 0           | 0         | 0          | 0          |
| 913  | 39924    | Other Tang. Property - General Startup Costs | 0           | 0           | 0           | 0         | 0          | 0          |
| 914  |          | Total General Plant                          | 20,106,234  | 11,711,614  | 5,204,477   | 45,770    | 2,145,078  | 999,295    |
| 915  |          | TOTAL DIRECT PLANT                           | 530,417,672 | 309,961,200 | 137,296,008 | 1,207,435 | 56,988,772 | 28,362,157 |
| 916  |          |  |             |             |             |           |            |            |
| 917  |          |  |             |             |             |           |            |            |
| 918  |          |  |             |             |             |           |            |            |
| 919  |          | CWP w/o AFUDC                                | 14,123,020  | 8,226,472   | 3,655,726   | 32,149    | 1,506,746  | 701,925    |
| 920  |          |  |             |             |             |           |            |            |
| 921  |          | Kentucky Mid-States General Office:          |             |             |             |           |            |            |
| 922  |          |  |             |             |             |           |            |            |
| 923  |          | Intangible Plant:                            |             |             |             |           |            |            |
| 924  |          |  |             |             |             |           |            |            |
| 925  | 30100    | Organization                                 | 90,899      | 52,988      | 23,547      | 207       | 9,705      | 4,521      |
| 926  | 30200    | Franchises & Consents                        | 0           | 0           | 0           | 0         | 0          | 0          |
| 927  | 30300    | Misc Intangible Plant                        | 544,684     | 317,271     | 140,991     | 1,240     | 58,111     | 27,071     |
| 928  |          | Total Intangible Plant:                      | 635,653     | 370,260     | 164,538     | 1,447     | 67,816     | 31,592     |
| 929  |          |  |             |             |             |           |            |            |
| 930  |          |  |             |             |             |           |            |            |
| 931  |          | General:                                     |             |             |             |           |            |            |
| 932  |          |  |             |             |             |           |            |            |
| 933  | 37400    | Land & Land Rights                           | 0           | 0           | 0           | 0         | 0          | 0          |
| 934  | 38001    | Structures Frame                             | 86,036      | 51,281      | 22,789      | 200       | 9,393      | 4,376      |
| 935  | 38002    | Structures & Improvements                    | 0           | 0           | 0           | 0         | 0          | 0          |
| 936  | 38800    | Land & Land Rights                           | 0           | 0           | 0           | 0         | 0          | 0          |
| 937  | 39004    | Air Conditioning Equipment                   | 2,833       | 1,650       | 733         | 6         | 302        | 141        |
| 938  | 39009    | Improvement to leased Premises               | 75,707      | 44,098      | 19,697      | 172       | 8,077      | 3,763      |
| 939  | 39100    | Office Furniture & Equipment                 | 20,938      | 12,108      | 5,420       | 48        | 2,234      | 1,041      |
| 940  | 39102    | Remittance Processing Equip                  | 0           | 0           | 0           | 0         | 0          | 0          |
| 941  | 39103    | Office Machines                              | 0           | 0           | 0           | 0         | 0          | 0          |
| 942  | 39200    | Transportation Equipment                     | 2,017       | 1,175       | 522         | 5         | 215        | 100        |
| 943  | 39201    | Trucks                                       | 0           | 0           | 0           | 0         | 0          | 0          |
| 944  | 39202    | Trailers                                     | 0           | 0           | 0           | 0         | 0          | 0          |
| 945  | 39300    | Stores Equipment                             | 0           | 0           | 0           | 0         | 0          | 0          |
| 946  | 39400    | Tools, Shop & Garage Equipment               | 80,385      | 48,811      | 20,802      | 183       | 8,574      | 3,994      |
| 947  | 39600    | Power Operated Equipment                     | 5,418       | 3,156       | 1,402       | 12        | 578        | 269        |
| 948  | 39603    | Ditchers                                     | 0           | 0           | 0           | 0         | 0          | 0          |
| 949  | 39604    | Backhoes                                     | 0           | 0           | 0           | 0         | 0          | 0          |
| 950  | 39605    | Welders                                      | 0           | 0           | 0           | 0         | 0          | 0          |
| 951  | 39700    | Communication Equipment                      | 110,755     | 64,513      | 28,869      | 252       | 11,816     | 5,505      |
| 952  | 39701    | Communication Equipment - Mobile Radios      | 0           | 0           | 0           | 0         | 0          | 0          |
| 953  | 39702    | Communication Equipment - Fixed Radios       | 0           | 0           | 0           | 0         | 0          | 0          |
| 954  | 39705    | Communication Equip. - Telemetering          | 0           | 0           | 0           | 0         | 0          | 0          |
| 955  | 39800    | Miscellaneous Equipment                      | 433,029     | 252,269     | 112,105     | 986       | 46,205     | 21,535     |
| 956  | 39900    | Other Tangible Property                      | 37,786      | 22,016      | 9,764       | 89        | 4,032      | 1,879      |
| 957  | 39901    | Other Tangible Property - Servers - HW       | 188,969     | 96,421      | 43,737      | 385       | 18,027     | 8,398      |
| 958  | 39902    | Other Tangible Property - Servers - SW       | 4,061       | 2,366       | 1,051       | 9         | 433        | 202        |
| 959  | 39903    | Other Tangible Property - Network - HW       | 102,776     | 59,895      | 26,603      | 234       | 10,965     | 5,109      |
| 960  | 39904    | Other Tang. Property - CPU                   | 0           | 0           | 0           | 0         | 0          | 0          |
| 961  | 39905    | Other Tangible Property - MP - Hardware      | 0           | 0           | 0           | 0         | 0          | 0          |
| 962  | 39906    | Other Tang. Property - PC Hardware           | 150,583     | 82,955      | 41,308      | 353       | 17,026     | 7,931      |
| 963  | 39907    | Other Tang. Property - PC Software           | 36,759      | 21,412      | 9,515       | 84        | 3,922      | 1,827      |
| 964  | 39908    | Other Tang. Property - Mainframe SW          | 441,065     | 258,914     | 114,189     | 1,004     | 47,056     | 21,921     |
| 965  | 39909    | Other Tang. Property - Application Software  | 0           | 0           | 0           | 0         | 0          | 0          |
| 966  | 39924    | Other Tang. Property - General Startup Costs | 0           | 0           | 0           | 0         | 0          | 0          |
| 967  |          | Total General Plant                          | 1,770,167   | 1,031,099   | 458,206     | 4,030     | 188,854    | 87,979     |
| 968  |          |  |             |             |             |           |            |            |
| 969  |          |  |             |             |             |           |            |            |
| 970  |          | CWP w/o AFUDC                                | (85,680)    | (49,880)    | (22,173)    | (195)     | (8,139)    | (4,257)    |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |       |  |             |             |             |           |            |            |   |
|--|-------|--|-------------|-------------|-------------|-----------|------------|------------|---|
| Class Cost of Service - Demand/Commodity Study           |       |  |             |             |             |           |            |            |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |       |  |             |             |             |           |            |            |   |
| ALLOCATION OF PLANT IN SERVICE                           |       |  |             |             |             |           |            |            |   |
| 971  |       |  |             |             |             |           |            |            |   |
| 972  |       |  |             |             |             |           |            |            |   |
| 973  |       |  |             |             |             |           |            |            |   |
| 974  |       |  |             |             |             |           |            |            |   |
| 975  |       |  |             |             |             |           |            |            |   |
| 976  | 37400 | Land & Land Rights                           | 0           | -           | -           | -         | -          | -          | - |
| 977  | 39001 | Structures Frame                             | 0           | -           | -           | -         | -          | -          | - |
| 978  | 36002 | Structures & Improvements                    | 264,248     | 153,021     | 68,400      | 602       | 28,192     | 13,133     |   |
| 979  | 37503 | Improvements                                 | 0           | -           | -           | -         | -          | -          | - |
| 980  | 39004 | Air Conditioning Equipment                   | 0           | -           | -           | -         | -          | -          | - |
| 981  | 36009 | Improvement to leased Premises               | 507,647     | 295,698     | 131,404     | 1,156     | 54,159     | 25,230     |   |
| 982  | 39100 | Office Furniture & Equipment                 | 591,034     | 344,268     | 152,988     | 1,345     | 63,056     | 29,375     |   |
| 983  | 39102 | Remittance Processing Equip                  | 0           | -           | -           | -         | -          | -          | - |
| 984  | 39103 | Office Machines                              | 0           | -           | -           | -         | -          | -          | - |
| 985  | 39200 | Transportation Equipment                     | 5,437       | 3,167       | 1,407       | 12        | 580        | 270        |   |
| 986  | 39201 | Trucks                                       | 0           | -           | -           | -         | -          | -          | - |
| 987  | 39202 | Trailers                                     | 0           | -           | -           | -         | -          | -          | - |
| 988  | 39300 | Stores Equipment                             | 0           | -           | -           | -         | -          | -          | - |
| 989  | 39400 | Tools, Shop & Garage Equipment               | 64,202      | 49,047      | 21,760      | 102       | 8,983      | 4,185      |   |
| 990  | 39500 | Power Operated Equipment                     | 1,242       | 724         | 322         | 3         | 133        | 62         |   |
| 991  | 39503 | Ditchers                                     | 0           | -           | -           | -         | -          | -          | - |
| 992  | 39504 | Backhoes                                     | 0           | -           | -           | -         | -          | -          | - |
| 993  | 39505 | Welders                                      | 0           | -           | -           | -         | -          | -          | - |
| 994  | 39700 | Communication Equipment                      | 133,889     | 77,988      | 34,657      | 395       | 14,264     | 6,654      |   |
| 995  | 39701 | Communication Equipment - Mobile Radios      | 0           | -           | -           | -         | -          | -          | - |
| 996  | 39702 | Communication Equipment - Fixed Radios       | 0           | -           | -           | -         | -          | -          | - |
| 997  | 39705 | Communication Equip. - Telemetry             | 0           | -           | -           | -         | -          | -          | - |
| 998  | 39900 | Miscellaneous Equipment                      | 28,914      | 16,842      | 7,484       | 66        | 3,085      | 1,437      |   |
| 999  | 39901 | Other Tangible Property                      | 8,838       | 5,148       | 2,289       | 70        | 943        | 439        |   |
| 1000   | 39901 | Other Tangible Property - Servers - HW       | 1,652,373   | 982,488     | 427,718     | 3,761     | 176,287    | 82,124     |   |
| 1001   | 39902 | Other Tangible Property - Servers - SW       | 1,013,025   | 590,074     | 262,221     | 2,366     | 108,077    | 50,346     |   |
| 1002   | 39903 | Other Tangible Property - Network - HW       | 178,623     | 104,043     | 46,236      | 407       | 19,057     | 8,878      |   |
| 1003   | 39904 | Other Tang. Property - CPU                   | 0           | -           | -           | -         | -          | -          | - |
| 1004   | 39905 | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -         | -          | -          | - |
| 1005   | 39906 | Other Tang. Property - PC Hardware           | 119,949     | 69,869      | 31,049      | 273       | 12,797     | 5,862      |   |
| 1006   | 39907 | Other Tang. Property - PC Software           | 36,078      | 21,014      | 9,338       | 82        | 3,649      | 1,793      |   |
| 1007   | 39908 | Other Tang. Property - Mainframe SW          | 6,431,565   | 3,746,319   | 1,664,811   | 14,641    | 686,169    | 319,655    |   |
| 1008   | 39909 | Other Tang. Property - Application Software  | 51,664      | 30,093      | 13,373      | 118       | 5,512      | 2,568      |   |
| 1009   | 39924 | Other Tang. Property - General Startup Costs | 0           | -           | -           | -         | -          | -          | - |
| 1010   |       |  | 0           | -           | -           | -         | -          | -          | - |
| 1011   |       | Total General Plant                          | 11,108,759  | 6,470,703   | 2,875,469   | 25,288    | 1,185,162  | 552,114    |   |
| 1012   |       |  |             |             |             |           |            |            |   |
| 1013   |       | CWIP w/o AFUDC                               | 620,248     | 381,268     | 160,651     | 1,412     | 66,173     | 30,827     |   |
| 1014   |       |  |             |             |             |           |            |            |   |
| 1015   |       |  |             |             |             |           |            |            |   |
| 1016   |       |  |             |             |             |           |            |            |   |
| 1017   |       |  |             |             |             |           |            |            |   |
| 1018   |       |  |             |             |             |           |            |            |   |
| 1019   | 37400 | Land & Land Rights                           | 184,639     | 107,550     | 47,794      | 420       | 19,699     | 9,177      |   |
| 1020   | 39001 | Structures Frame                             | 0           | -           | -           | -         | -          | -          | - |
| 1021   | 36002 | Structures & Improvements                    | 637,084     | 487,040     | 216,834     | 1,907     | 88,370     | 41,634     |   |
| 1022   | 37503 | Improvements                                 | 0           | -           | -           | -         | -          | -          | - |
| 1023   | 39004 | Air Conditioning Equipment                   | 0           | -           | -           | -         | -          | -          | - |
| 1024   | 39009 | Improvement to leased Premises               | 245,637     | 143,022     | 63,557      | 559       | 26,196     | 12,203     |   |
| 1025   | 39100 | Office Furniture & Equipment                 | 130,678     | 76,116      | 33,826      | 297       | 13,942     | 6,495      |   |
| 1026   | 39102 | Remittance Processing Equip                  | 0           | -           | -           | -         | -          | -          | - |
| 1027   | 39103 | Office Machines                              | 0           | -           | -           | -         | -          | -          | - |
| 1028   | 39200 | Transportation Equipment                     | 0           | -           | -           | -         | -          | -          | - |
| 1029   | 39201 | Trucks                                       | 0           | -           | -           | -         | -          | -          | - |
| 1030   | 39202 | Trailers                                     | 0           | -           | -           | -         | -          | -          | - |
| 1031   | 39300 | Stores Equipment                             | 0           | -           | -           | -         | -          | -          | - |
| 1032   | 39400 | Tools, Shop & Garage Equipment               | 0           | -           | -           | -         | -          | -          | - |
| 1033   | 39500 | Power Operated Equipment                     | 0           | -           | -           | -         | -          | -          | - |
| 1034   | 39503 | Ditchers                                     | 0           | -           | -           | -         | -          | -          | - |
| 1035   | 39504 | Backhoes                                     | 0           | -           | -           | -         | -          | -          | - |
| 1036   | 39505 | Welders                                      | 0           | -           | -           | -         | -          | -          | - |
| 1037   | 39700 | Communication Equipment                      | 115,063     | 67,023      | 29,784      | 262       | 12,276     | 5,719      |   |
| 1038   | 39701 | Communication Equipment - Mobile Radios      | 0           | -           | -           | -         | -          | -          | - |
| 1039   | 39702 | Communication Equipment - Fixed Radios       | 0           | -           | -           | -         | -          | -          | - |
| 1040   | 39705 | Communication Equip. - Telemetry             | 0           | -           | -           | -         | -          | -          | - |
| 1041   | 39900 | Miscellaneous Equipment                      | 3,478       | 2,024       | 900         | 6         | 371        | 173        |   |
| 1042   | 39901 | Other Tangible Property                      | 38,937      | 21,515      | 9,561       | 84        | 3,941      | 1,836      |   |
| 1043   | 39901 | Other Tangible Property - Servers - HW       | 488,909     | 273,133     | 121,377     | 1,067     | 50,027     | 23,305     |   |
| 1044   | 39902 | Other Tangible Property - Servers - SW       | 104,885     | 61,083      | 27,144      | 239       | 11,188     | 5,212      |   |
| 1045   | 39903 | Other Tangible Property - Network - HW       | 36,067      | 21,009      | 9,339       | 62        | 3,649      | 1,793      |   |
| 1046   | 39904 | Other Tang. Property - CPU                   | 0           | -           | -           | -         | -          | -          | - |
| 1047   | 39905 | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -         | -          | -          | - |
| 1048   | 39906 | Other Tang. Property - PC Hardware           | 59,881      | 34,980      | 15,500      | 136       | 6,389      | 2,976      |   |
| 1049   | 39907 | Other Tang. Property - PC Software           | 11,765      | 6,853       | 3,045       | 27        | 1,255      | 595        |   |
| 1050   | 39908 | Other Tang. Property - Mainframe SW          | 6,431,390   | 3,746,189   | 1,664,788   | 14,640    | 686,147    | 319,645    |   |
| 1051   | 39909 | Other Tang. Property - Application Software  | 0           | -           | -           | -         | -          | -          | - |
| 1052   | 39924 | Other Tang. Property - General Startup Costs | 0           | -           | -           | -         | -          | -          | - |
| 1053   |       |  | 0           | -           | -           | -         | -          | -          | - |
| 1054   |       | Total General Plant                          | 8,880,892   | 5,048,350   | 2,243,416   | 19,729    | 824,647    | 430,761    |   |
| 1055   |       |  |             |             |             |           |            |            |   |
| 1056   |       | CWIP w/o AFUDC                               | 74,130      | 43,180      | 19,189      | 169       | 7,909      | 3,684      |   |
| 1057   |       |  |             |             |             |           |            |            |   |
| 1058   |       | TOTAL PLANT IN SERVICE                       | 562,999,049 | 321,881,611 | 143,039,657 | 1,257,929 | 59,995,251 | 27,464,593 |   |
| 1059   |       |  |             |             |             |           |            |            |   |
| 1060   |       | TOTAL CWIP W/O AFUDC                         | 14,731,738  | 8,581,042   | 3,813,294   | 33,535    | 1,571,688  | 732,179    |   |

Atmos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF RESERVE FOR DEPRECIATION

|          |           | Customer          |                                    |               |                   |                    |                             |                |                         |
|----------|-----------|-------------------|------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Line No. | Acct. No. | Allocation Factor | Allocation Basis                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1        |           |                   |                                    |               |                   |                    |                             |                |                         |
| 2        |           |                   | Intangible Plant:                  |               |                   |                    |                             |                |                         |
| 3        | 30100     | 6.2               | Organization                       | 3,568         | 2,644             | 875                | 3                           | 30             | 17                      |
| 4        | 30200     | 6.2               | Franchises & Consents              | 51,339        | 38,040            | 12,584             | 39                          | 429            | 247                     |
| 5        | 30300     | 99.0              | Misc Intangible Plant              | 0             |                   |                    |                             |                |                         |
| 6        |           |                   |                                    |               |                   |                    |                             |                |                         |
| 7        |           |                   | Total Intangible Plant:            | 54,907        | 40,684            | 13,458             | 42                          | 459            | 264                     |
| 8        |           |                   |                                    |               |                   |                    |                             |                |                         |
| 9        |           |                   | Production Plant:                  |               |                   |                    |                             |                |                         |
| 10       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 11       | 32520     | 99.0              | Producing Leaseholds               | 0             |                   |                    |                             |                |                         |
| 12       | 32540     | 99.0              | Rights of Ways                     | 0             |                   |                    |                             |                |                         |
| 13       | 33100     | 99.0              | Production Gas Wells Equipment     | 0             |                   |                    |                             |                |                         |
| 14       | 33201     | 99.0              | Field Lines                        | 0             |                   |                    |                             |                |                         |
| 15       | 33202     | 99.0              | Tributary Lines                    | 0             |                   |                    |                             |                |                         |
| 16       | 33400     | 99.0              | Field Meas. & Reg. Sta. Equip      | 0             |                   |                    |                             |                |                         |
| 17       | 33600     | 99.0              | Purification Equipment             | 0             |                   |                    |                             |                |                         |
| 18       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 19       |           |                   | Total Production Plant             | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 20       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 21       |           |                   | Storage Plant:                     |               |                   |                    |                             |                |                         |
| 22       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 23       | 35010     | 99.0              | Land                               | 0             |                   |                    |                             |                |                         |
| 24       | 35020     | 99.0              | Rights of Way                      | 0             |                   |                    |                             |                |                         |
| 25       | 35100     | 99.0              | Structures and Improvements        | 0             |                   |                    |                             |                |                         |
| 26       | 35102     | 99.0              | Compressor Station Equipment       | 0             |                   |                    |                             |                |                         |
| 27       | 35103     | 99.0              | Meas. & Reg. Sta. Structures       | 0             |                   |                    |                             |                |                         |
| 28       | 35104     | 99.0              | Other Structures                   | 0             |                   |                    |                             |                |                         |
| 29       | 35200     | 99.0              | Wells & Rights of Way              | 0             |                   |                    |                             |                |                         |
| 30       | 35201     | 99.0              | Well Construction                  | 0             |                   |                    |                             |                |                         |
| 31       | 35202     | 99.0              | Well Equipment                     | 0             |                   |                    |                             |                |                         |
| 32       | 35203     | 99.0              | Cushion Gas                        | 0             |                   |                    |                             |                |                         |
| 33       | 35210     | 99.0              | Leaseholds                         | 0             |                   |                    |                             |                |                         |
| 34       | 35211     | 99.0              | Storage Rights                     | 0             |                   |                    |                             |                |                         |
| 35       | 35301     | 99.0              | Field Lines                        | 0             |                   |                    |                             |                |                         |
| 36       | 35302     | 99.0              | Tributary Lines                    | 0             |                   |                    |                             |                |                         |
| 37       | 35400     | 99.0              | Compressor Station Equipment       | 0             |                   |                    |                             |                |                         |
| 38       | 35500     | 99.0              | Meas. & Reg. Equipment             | 0             |                   |                    |                             |                |                         |
| 39       | 35600     | 99.0              | Purification Equipment             | 0             |                   |                    |                             |                |                         |
| 40       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 41       |           |                   | Total Storage Plant                | 0             |                   |                    |                             |                |                         |
| 42       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 43       |           |                   | Transmission:                      |               |                   |                    |                             |                |                         |
| 44       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 45       | 36510     | 99.0              | Land & Land Rights                 | 0             |                   |                    |                             |                |                         |
| 46       | 36520     | 99.0              | Rights of Way                      | 0             |                   |                    |                             |                |                         |
| 47       | 36602     | 99.0              | Structures & Improvements          | 0             |                   |                    |                             |                |                         |
| 48       | 36903     | 99.0              | Other Structures                   | 0             |                   |                    |                             |                |                         |
| 49       | 36702     | 99.0              | Mains Cathodic Protection          | 0             |                   |                    |                             |                |                         |
| 50       | 36701     | 99.0              | Mains - Steel                      | 0             |                   |                    |                             |                |                         |
| 51       | 36900     | 99.0              | Meas. & Reg. Equipment             | 0             |                   |                    |                             |                |                         |
| 52       | 36801     | 99.0              | Meas. & Reg. Equipment             | 0             |                   |                    |                             |                |                         |
| 53       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 54       |           |                   | Total Transmission Plant           | 0             |                   |                    |                             |                |                         |
| 55       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 56       |           |                   | Distribution:                      |               |                   |                    |                             |                |                         |
| 57       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 58       | 37400     | 2.0               | Land & Land Rights                 | 0             |                   |                    |                             |                |                         |
| 59       | 37401     | 2.0               | Land                               | 0             |                   |                    |                             |                |                         |
| 60       | 37402     | 2.0               | Land Rights                        | 0             |                   |                    |                             |                |                         |
| 61       | 37403     | 2.0               | Land Other                         | 0             |                   |                    |                             |                |                         |
| 62       | 37500     | 2.0               | Structures & Improvements          | 0             |                   |                    |                             |                |                         |
| 63       | 37501     | 2.0               | Structures & Improvements T.B.     | 0             |                   |                    |                             |                |                         |
| 64       | 37502     | 2.0               | Land Rights                        | 0             |                   |                    |                             |                |                         |
| 65       | 37503     | 2.0               | Improvements                       | 0             |                   |                    |                             |                |                         |
| 66       | 37600     | 2.0               | Mains Cathodic Protection          | 0             |                   |                    |                             |                |                         |
| 67       | 37601     | 2.0               | Mains - Steel                      | 0             |                   |                    |                             |                |                         |
| 68       | 37602     | 2.0               | Mains - Plastic                    | 0             |                   |                    |                             |                |                         |
| 69       | 37800     | 2.0               | Meas & Reg. Sta. Equip - General   | 0             |                   |                    |                             |                |                         |
| 70       | 37900     | 2.0               | Meas & Reg. Sta. Equip - City Gate | 0             |                   |                    |                             |                |                         |
| 71       | 37905     | 2.0               | Meas & Reg. Sta. Equipment T.B.    | 0             |                   |                    |                             |                |                         |
| 72       | 38000     | 2.0               | Services                           | 41,215,363    | 36,686,701        | 4,480,407          | 2,882                       | 26,895         | 16,678                  |
| 73       | 38100     | 4.0               | Meters                             | 17,354,749    | 10,371,050        | 6,462,613          | 28,660                      | 312,652        | 179,776                 |
| 74       | 38200     | 4.0               | Meter Installations                | 22,442,438    | 13,411,408        | 8,357,181          | 37,062                      | 404,308        | 232,477                 |
| 75       | 38300     | 4.0               | House Regulators                   | 3,928,948     | 2,031,123         | 1,265,673          | 5,613                       | 61,231         | 35,206                  |
| 76       | 38400     | 4.0               | House Reg. Installations           | 76,950        | 45,981            | 28,659             | 127                         | 1,388          | 747                     |
| 77       | 38500     | 2.2               | Ind. Meas. & Reg. Sta. Equipment   | 2,791,605     |                   | 2,762,056          | 1,653                       | 17,813         | 10,282                  |
| 78       | 38600     | 99.0              | Other Prop. On Cust. Prem          | 0             |                   |                    |                             |                |                         |
| 79       |           |                   |                                    |               |                   |                    |                             |                |                         |
| 80       |           |                   | Total Distribution Plant           | 67,280,162    | 62,540,272        | 23,356,590         | 75,797                      | 826,285        | 475,218                 |

Alamos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF RESERVE FOR DEPRECIATION

|     |  |      |                              |             |             |            |         |          |          |  |  |
|-----|--|------|------------------------------|-------------|-------------|------------|---------|----------|----------|--|--|
| 81  |  |      |                              |             |             |            |         |          |          |  |  |
| 82  | General:   |      |                              |             |             |            |         |          |          |  |  |
| 83  |  |      |                              |             |             |            |         |          |          |  |  |
| 84  | 39900 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 85  | 39000 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 81,139      | 60,120      | 19,888     | 62      | 678      | 390      |  |  |
| 86  | 39001 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 87  | 39002 Improvements                                 | 6.2  | P, S, T & D Plant - Customer | 29,402      | 21,044      | 6,961      | 22      | 237      | 137      |  |  |
| 88  | 39003 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 71,359      | 52,304      | 17,531     | 55      | 537      | 343      |  |  |
| 89  | 39004 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 1,101       | 816         | 270        | 1       | 9        | 5        |  |  |
| 90  | 39009 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 388,826     | 288,103     | 95,304     | 298     | 3,251    | 1,870    |  |  |
| 91  | 39100 Remedial Processing Equip                    | 6.2  | P, S, T & D Plant - Customer | 293,206     | 217,297     | 71,892     | 225     | 2,452    | 1,410    |  |  |
| 92  | 39102 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 93  | 39103 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 94  | 39200 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 75,224      | 55,738      | 18,438     | 58      | 629      | 362      |  |  |
| 95  | 39201 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 12,991      | 8,626       | 3,184      | 10      | 109      | 62       |  |  |
| 96  | 39202 Stores Equipment                             | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 97  | 39300 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 98  | 39400 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 265,443     | 198,882     | 65,002     | 204     | 2,219    | 1,276    |  |  |
| 99  | 39600 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 100 | 39603 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 13,954      | 10,339      | 3,420      | 11      | 117      | 67       |  |  |
| 101 | 39604 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 20,664      | 15,311      | 5,065      | 16      | 173      | 99       |  |  |
| 102 | 39605 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 9,515       | 7,050       | 2,332      | 7       | 80       | 49       |  |  |
| 103 | 39703 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 61,536      | 45,610      | 15,088     | 47      | 515      | 296      |  |  |
| 104 | 39701 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 105 | 39702 Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 106 | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | (14,951)    | (11,079)    | (3,665)    | (11)    | (125)    | (72)     |  |  |
| 107 | 39800 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 619,532     | 384,965     | 127,346    | 399     | 4,344    | 2,498    |  |  |
| 108 | 39900 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 109 | 39901 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 110 | 39902 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 111 | 39903 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 9,362       | 6,937       | 2,295      | 7       | 78       | 45       |  |  |
| 112 | 39904 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 113 | 39905 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 114 | 39906 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 209,119     | 154,048     | 51,267     | 160     | 1,748    | 1,008    |  |  |
| 115 | 39907 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 5,891       | 4,355       | 1,444      | 5       | 49       | 28       |  |  |
| 116 | 39908 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 52,908      | 39,202      | 12,988     | 41      | 442      | 254      |  |  |
| 117 | 39909 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 118 | Retirement Work in Progress                        | 6.2  | P, S, T & D Plant - Customer | (2,970,829) | (2,201,291) | (728,173)  | (2,279) | (24,840) | (14,286) |  |  |
| 119 | AR 15 general plant amortization                   | 6.2  | P, S, T & D Plant - Customer | 251,895     | 186,643     | 61,741     | 193     | 2,106    | 1,211    |  |  |
| 120 |  |      |                              |             |             |            |         |          |          |  |  |
| 121 | Total General Plant                                |      |                              | (613,573)   | (454,630)   | (150,382)  | (471)   | (5,130)  | (2,951)  |  |  |
| 122 |  |      |                              |             |             |            |         |          |          |  |  |
| 123 | TOTAL DIRECT RESERVE FOR DEPRECIATION              |      |                              | 66,721,496  | 62,132,326  | 23,219,657 | 75,388  | 821,614  | 472,632  |  |  |
| 124 |  |      |                              |             |             |            |         |          |          |  |  |
| 125 | Kentucky Mid-States General Office:                |      |                              |             |             |            |         |          |          |  |  |
| 126 |  |      |                              |             |             |            |         |          |          |  |  |
| 127 | Intangible Plant:                                  |      |                              |             |             |            |         |          |          |  |  |
| 128 |  |      |                              |             |             |            |         |          |          |  |  |
| 129 | 30100 Organization                                 | 99.0 |                              | 0           |             |            |         |          |          |  |  |
| 130 | 30200 Franchises & Consents                        | 99.0 |                              | 0           |             |            |         |          |          |  |  |
| 131 | 30300 Misc Intangible Plant                        | 99.0 |                              | 0           |             |            |         |          |          |  |  |
| 132 |  |      |                              |             |             |            |         |          |          |  |  |
| 133 | Total Intangible Plant:                            |      |                              |             |             |            |         |          |          |  |  |
| 134 |  |      |                              |             |             |            |         |          |          |  |  |
| 135 | General:   |      |                              |             |             |            |         |          |          |  |  |
| 136 |  |      |                              |             |             |            |         |          |          |  |  |
| 137 | 37400 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 138 | 39001 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 19,449      | 14,411      | 4,767      | 15      | 163      | 94       |  |  |
| 139 | 39002 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 140 | 39004 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 141 | 39004 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 1,335       | 989         | 327        | 1       | 11       | 6        |  |  |
| 142 | 39009 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 8,832       | 6,544       | 2,165      | 7       | 74       | 42       |  |  |
| 143 | 39100 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 8,916       | 6,606       | 2,185      | 7       | 75       | 43       |  |  |
| 144 | 39102 Remedial Processing Equip                    | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 145 | 39103 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 146 | 39200 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 864         | 640         | 212        | 1       | 7        | 4        |  |  |
| 147 | 39201 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 148 | 39202 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 149 | 39300 Stores Equipment                             | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 150 | 39400 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 30,180      | 22,347      | 7,392      | 23      | 252      | 145      |  |  |
| 151 | 39600 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 1,168       | 880         | 281        | 1       | 10       | 6        |  |  |
| 152 | 39603 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 153 | 39604 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 154 | 39605 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 155 | 39703 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 47,110      | 34,908      | 11,547     | 36      | 394      | 227      |  |  |
| 156 | 39701 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 157 | 39702 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 158 | 39705 Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 159 | 39800 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 136,992     | 101,506     | 33,578     | 105     | 1,145    | 659      |  |  |
| 160 | 39900 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 16,199      | 11,896      | 3,968      | 12      | 135      | 76       |  |  |
| 161 | 39901 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 69,262      | 51,313      | 16,974     | 53      | 579      | 333      |  |  |
| 162 | 39902 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 1,740       | 1,269       | 426        | 1       | 16       | 8        |  |  |
| 163 | 39903 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 44,024      | 32,620      | 10,791     | 34      | 368      | 212      |  |  |
| 164 | 39904 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 165 | 39905 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 166 | 39906 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 68,359      | 50,650      | 16,785     | 52      | 572      | 329      |  |  |
| 167 | 39907 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 12,411      | 8,199       | 3,042      | 10      | 104      | 60       |  |  |
| 168 | 39908 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 188,931     | 136,990     | 46,309     | 145     | 1,590    | 908      |  |  |
| 169 | 39909 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 170 | 39924 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0           |             |            |         |          |          |  |  |
| 171 | Retirement Work in Progress                        | 6.2  | P, S, T & D Plant - Customer | 12,092      | 8,860       | 2,964      | 9       | 101      | 58       |  |  |
| 172 |  |      |                              |             |             |            |         |          |          |  |  |
| 173 | Total General Plant                                |      |                              | 687,843     | 494,842     | 163,684    | 512     | 5,594    | 3,212    |  |  |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                                   |            |            |            |         |
|--|--|-----------------------------------|------------|------------|------------|---------|
| Class Cost of Service - Demand/Commodity Study           |  |                                   |            |            |            |         |
| Forecasted Test Period, Twelve Months Ended May 31, 2017 |  |                                   |            |            |            |         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |                                   |            |            |            |         |
| 174  |  |                                   |            |            |            |         |
| 175  | Shared Services General Office:                    |                                   |            |            |            |         |
| 176  | General  |                                   |            |            |            |         |
| 177  |  |                                   |            |            |            |         |
| 178  |  |                                   |            |            |            |         |
| 179  | 37400 Land & Land Rights                           | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 180  | 39000 Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 35,079     | 26,559     | 6,819      | 28      |
| 181  | 39002 Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 301     |
| 182  | 37503 Improvements                                 | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 183  | 39004 Air Conditioning Equipment                   | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 184  | 39009 Improvement to leased Premises               | 6.2, P, S, T & D Plant - Customer | 211,162    | 156,462    | 51,769     | 162     |
| 185  | 39100 Office Furniture & Equipment                 | 6.2, P, S, T & D Plant - Customer | 147,349    | 109,179    | 36,118     | 113     |
| 186  | 39102 Remittance Processing Equip                  | 6.2, P, S, T & D Plant - Customer | 132        | 96         | 32         | 0       |
| 187  | 38103 Office Machines                              | 6.2, P, S, T & D Plant - Customer | 65         | 48         | 16         | 0       |
| 188  | 39200 Transportation Equipment                     | 6.2, P, S, T & D Plant - Customer | 2,330      | 1,727      | 571        | 2       |
| 189  | 39201 Trucks                                       | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 19      |
| 190  | 39202 Trailers                                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 11      |
| 191  | 39300 Stores Equipment                             | 6.2, P, S, T & D Plant - Customer | 0          | 13         | 4          | 0       |
| 192  | 39400 Tools, Shop & Garage Equipment               | 6.2, P, S, T & D Plant - Customer | 5,077      | 3,762      | 1,244      | 4       |
| 193  | 39500 Power Operated Equipment                     | 6.2, P, S, T & D Plant - Customer | 248        | 184        | 61         | 0       |
| 194  | 39603 Ditchers                                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 2       |
| 195  | 39904 Backhoes                                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 1       |
| 196  | 39905 Welders                                      | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 197  | 39700 Communication Equipment                      | 6.2, P, S, T & D Plant - Customer | 32,217     | 23,871     | 7,897      | 25      |
| 198  | 39701 Communication Equipment - Mobile Radios      | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 199  | 39702 Communication Equipment - Fixed Radios       | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 200  | 39705 Communication Equip. - Telemetering          | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 201  | 39900 Miscellaneous Equipment                      | 6.2, P, S, T & D Plant - Customer | 3,163      | 2,343      | 775        | 2       |
| 202  | 39903 Other Tangible Property                      | 6.2, P, S, T & D Plant - Customer | 3,145      | 2,330      | 771        | 2       |
| 203  | 39901 Other Tangible Property - Servers - HW       | 6.2, P, S, T & D Plant - Customer | 200,389    | 146,479    | 49,117     | 154     |
| 204  | 39902 Other Tangible Property - Servers - SW       | 6.2, P, S, T & D Plant - Customer | 205,513    | 152,276    | 53,373     | 159     |
| 205  | 39903 Other Tangible Property - Network - HW       | 6.2, P, S, T & D Plant - Customer | 33,521     | 24,837     | 6,216      | 29      |
| 206  | 39904 Other Tang. Property - CPU                   | 6.2, P, S, T & D Plant - Customer | 399        | 289        | 96         | 0       |
| 207  | 39905 Other Tangible Property - MF - Hardware      | 6.2, P, S, T & D Plant - Customer | 347        | 257        | 85         | 0       |
| 208  | 39906 Other Tang. Property - PC Hardware           | 6.2, P, S, T & D Plant - Customer | 33,656     | 24,950     | 8,257      | 26      |
| 209  | 39907 Other Tang. Property - PC Software           | 6.2, P, S, T & D Plant - Customer | 12,728     | 9,430      | 3,119      | 10      |
| 210  | 39908 Other Tang. Property - Mainframe SW          | 6.2, P, S, T & D Plant - Customer | 1,993,831  | 1,447,553  | 478,650    | 1,499   |
| 211  | 39909 Other Tang. Property - Application Software  | 6.2, P, S, T & D Plant - Customer | 24,743     | 18,334     | 6,065      | 19      |
| 212  | 39924 Other Tang. Property - General Startup Costs | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 213  | Retirement Work in Progress                        | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 214  |  |                                   |            |            |            |         |
| 215  | Total General Plant                                |                                   | 2,905,825  | 2,153,066  | 712,240    | 2,229   |
| 216  | Shared Services Customer Support:                  |                                   | 180,939    | 134,068    | 44,350     | 139     |
| 217  | General  |                                   |            |            |            |         |
| 218  |  |                                   |            |            |            |         |
| 219  |  |                                   |            |            |            |         |
| 220  |  |                                   |            |            |            |         |
| 221  | 37400 Land & Land Rights                           | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 222  | 39001 Structures Frame                             | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 223  | 39002 Structures & Improvements                    | 6.2, P, S, T & D Plant - Customer | 104,612    | 77,513     | 25,641     | 80      |
| 224  | 37503 Improvements                                 | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 375     |
| 225  | 39004 Air Conditioning Equipment                   | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 226  | 39000 Improvement to leased Premises               | 6.2, P, S, T & D Plant - Customer | 93,341     | 69,162     | 22,679     | 72      |
| 227  | 39100 Office Furniture & Equipment                 | 6.2, P, S, T & D Plant - Customer | 10,932     | 8,100      | 2,660      | 8       |
| 228  | 39102 Remittance Processing Equip                  | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 91      |
| 229  | 38103 Office Machines                              | 6.2, P, S, T & D Plant - Customer | 4          | 3          | 1          | 0       |
| 230  | 39200 Transportation Equipment                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 231  | 39201 Trucks                                       | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 232  | 39202 Trailers                                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 233  | 39300 Stores Equipment                             | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 234  | 39400 Tools, Shop & Garage Equipment               | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 235  | 39500 Power Operated Equipment                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 236  | 39603 Ditchers                                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 237  | 39904 Backhoes                                     | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 238  | 39905 Welders                                      | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 239  | 39700 Communication Equipment                      | 6.2, P, S, T & D Plant - Customer | (1,45,523) | (107,828)  | (35,699)   | (112)   |
| 240  | 39701 Communication Equipment - Mobile Radios      | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 241  | 39702 Communication Equipment - Fixed Radios       | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 242  | 39705 Communication Equip. - Telemetering          | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | -       |
| 243  | 39900 Miscellaneous Equipment                      | 6.2, P, S, T & D Plant - Customer | 85         | 64         | 21         | 0       |
| 244  | 39903 Other Tangible Property                      | 6.2, P, S, T & D Plant - Customer | 7,548      | 5,593      | 1,850      | 6       |
| 245  | 39901 Other Tangible Property - Servers - HW       | 6.2, P, S, T & D Plant - Customer | 93,235     | 69,083     | 22,853     | 72      |
| 246  | 39902 Other Tangible Property - Servers - SW       | 6.2, P, S, T & D Plant - Customer | 26,210     | 19,421     | 6,424      | 20      |
| 247  | 39903 Other Tangible Property - Network - HW       | 6.2, P, S, T & D Plant - Customer | 2,865      | 2,123      | 702        | 2       |
| 248  | 39904 Other Tang. Property - CPU                   | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 24      |
| 249  | 39905 Other Tangible Property - MF - Hardware      | 6.2, P, S, T & D Plant - Customer | 0          | -          | -          | 14      |
| 250  | 39906 Other Tang. Property - PC Hardware           | 6.2, P, S, T & D Plant - Customer | (862)      | (636)      | (211)      | (1)     |
| 251  | 39907 Other Tang. Property - PC Software           | 6.2, P, S, T & D Plant - Customer | (127)      | (94)       | (31)       | (9)     |
| 252  | 39908 Other Tang. Property - Mainframe SW          | 6.2, P, S, T & D Plant - Customer | 1,225,057  | 907,712    | 300,271    | 940     |
| 253  | 39909 Other Tang. Property - Application Software  | 6.2, P, S, T & D Plant - Customer | 269        | 214        | 71         | 0       |
| 254  | 39924 Other Tang. Property - General Startup Costs | 6.2, P, S, T & D Plant - Customer | 840        | 474        | 157        | 0       |
| 255  | Retirement Work in Progress                        | 6.2, P, S, T & D Plant - Customer | 198        | 147        | 49         | 0       |
| 256  |  |                                   |            |            |            |         |
| 257  | Total General Plant                                |                                   | 1,418,508  | 1,051,051  | 347,687    | 1,089   |
| 258  |  |                                   |            |            |            |         |
| 259  | TOTAL RESERVE FOR DEPRECIATION - CUSTOMER          |                                   | 91,713,673 | 65,831,304 | 24,443,276 | 79,197  |
|  |  |                                   |            |            |            | 893,355 |
|  |  |                                   |            |            |            | 496,539 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|----------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Demand   |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                     | Allocation Factor | Allocation Basis           | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 260  |           | Intangible Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 261  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 262  | 30100     | Organization                        | 6.4               | P, S, T & D Plant - Demand | 3,107         | 1,878             | 936                |                             | 453            |                         |
| 263  | 30200     | Franchises & Consols                | 6.4               | P, S, T & D Plant - Demand | 44,703        | 24,142            | 13,471             |                             | 7,090          |                         |
| 264  | 30300     | Misc Intangible Plant               | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 265  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 266  |           | Total Intangible Plant:             |                   |                            | 47,810        | 25,820            | 14,407             | 0                           | 7,543          | 0                       |
| 267  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 268  |           | Production Plant:                   |                   |                            |               |                   |                    |                             |                |                         |
| 269  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 270  | 32520     | Producing Leaseholds                | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 271  | 32540     | Rights of Way                       | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 272  | 33100     | Production Gas Wells Equipment      | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 273  | 33201     | Field Lines                         | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 274  | 33202     | Tributary Lines                     | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 275  | 33400     | Field Meas. & Reg. Sta. Equip       | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 276  | 33600     | Purification Equipment              | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 277  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 278  |           | Total Production Plant              |                   |                            | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 279  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 280  |           | Storage Plant:                      |                   |                            |               |                   |                    |                             |                |                         |
| 281  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 282  | 35010     | Land                                | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 283  | 35020     | Rights of Way                       | 3.0               | Peak Day                   | 2,710         | 1,464             | 617                |                             | 430            |                         |
| 284  | 35100     | Structures and Improvements         | 3.0               | Peak Day                   | 2,750         | 1,465             | 620                |                             | 436            |                         |
| 285  | 35102     | Compression Station Equipment       | 3.0               | Peak Day                   | 64,940        | 29,670            | 16,586             |                             | 8,714          |                         |
| 286  | 35103     | Meas. & Reg. Sta. Structures        | 3.0               | Peak Day                   | 10,027        | 5,415             | 3,022              |                             | 1,890          |                         |
| 287  | 35104     | Other Structures                    | 3.0               | Peak Day                   | 48,113        | 25,383            | 14,499             |                             | 7,651          |                         |
| 288  | 35200     | Wells & Rights of Way               | 3.0               | Peak Day                   | 508,288       | 274,501           | 153,170            |                             | 80,817         |                         |
| 289  | 35201     | Well Construction                   | 3.0               | Peak Day                   | 683,774       | 369,271           | 206,062            |                             | 108,460        |                         |
| 290  | 35202     | Well Equipment                      | 3.0               | Peak Day                   | 189,633       | 102,357           | 57,115             |                             | 30,061         |                         |
| 291  | 35203     | Cushion Gas                         | 3.0               | Peak Day                   | 340,743       | 184,019           | 102,691            |                             | 54,043         |                         |
| 292  | 35210     | Leaseholds                          | 3.0               | Peak Day                   | 93,194        | 44,929            | 25,070             |                             | 13,195         |                         |
| 293  | 35211     | Storage Rights                      | 3.0               | Peak Day                   | 21,638        | 11,632            | 6,490              |                             | 3,416          |                         |
| 294  | 35301     | Field Lines                         | 3.0               | Peak Day                   | 77,071        | 41,622            | 23,225             |                             | 12,224         |                         |
| 295  | 35302     | Tributary Lines                     | 3.0               | Peak Day                   | 106,591       | 57,664            | 32,121             |                             | 16,906         |                         |
| 296  | 35400     | Compressor Station Equipment        | 3.0               | Peak Day                   | 240,303       | 128,775           | 72,414             |                             | 38,113         |                         |
| 297  | 35500     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 103,299       | 55,785            | 31,128             |                             | 16,363         |                         |
| 298  | 35800     | Purification Equipment              | 3.0               | Peak Day                   | 76,850        | 42,583            | 23,761             |                             | 12,668         |                         |
| 299  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 300  |           | Total Storage Plant                 |                   |                            | 2,551,720     | 1,378,055         | 768,950            |                             | 404,716        |                         |
| 301  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 302  |           | Transmission:                       |                   |                            |               |                   |                    |                             |                |                         |
| 303  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 304  | 36510     | Land & Land Rights                  | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 305  | 36520     | Rights of Way                       | 3.0               | Peak Day                   | 452,067       | 244,149           | 136,235            |                             | 71,703         |                         |
| 306  | 36602     | Structures & Improvements           | 3.0               | Peak Day                   | 13,411        | 7,243             | 4,041              |                             | 2,127          |                         |
| 307  | 36603     | Other Structures                    | 3.0               | Peak Day                   | 47,260        | 25,534            | 14,248             |                             | 7,499          |                         |
| 308  | 36700     | Main Cathodic Protection            | 3.0               | Peak Day                   | 130,992       | 76,737            | 35,471             |                             | 20,774         |                         |
| 309  | 36701     | Main - Steel                        | 3.0               | Peak Day                   | 18,269,712    | 9,877,347         | 5,511,526          |                             | 2,900,640      |                         |
| 310  | 36900     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 287,056       | 144,233           | 80,476             |                             | 42,356         |                         |
| 311  | 36901     | Meas. & Reg. Equipment              | 3.0               | Peak Day                   | 1,454,876     | 785,705           | 438,421            |                             | 230,751        |                         |
| 312  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 313  |           | Total Transmission Plant            |                   |                            | 20,655,404    | 11,154,938        | 6,224,417          |                             | 3,276,050      |                         |
| 314  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 315  |           | Distribution:                       |                   |                            |               |                   |                    |                             |                |                         |
| 316  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 317  | 37400     | Land & Land Rights                  | 3.0               | Peak Day                   | (0)           | (0)               | (0)                |                             | (0)            |                         |
| 318  | 37401     | Land                                | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 319  | 37402     | Land Rights                         | 3.0               | Peak Day                   | 74,187        | 40,065            | 22,356             |                             | 11,767         |                         |
| 320  | 37403     | Land Other                          | 3.0               | Peak Day                   | 0             |                   |                    |                             |                |                         |
| 321  | 37500     | Structures & Improvements           | 3.0               | Peak Day                   | 57,426        | 31,013            | 17,305             |                             | 9,108          |                         |
| 322  | 37501     | Structures & Improvements T.B.      | 3.0               | Peak Day                   | 36,786        | 20,946            | 11,688             |                             | 6,152          |                         |
| 323  | 37502     | Land Rights                         | 3.0               | Peak Day                   | 19,608        | 10,667            | 5,697              |                             | 3,194          |                         |
| 324  | 37503     | Improvements                        | 3.0               | Peak Day                   | 1,017         | 549               | 306                |                             | 161            |                         |
| 325  | 37600     | Main Cathodic Protection            | 3.0               | Peak Day                   | 7,751,221     | 4,186,042         | 2,335,797          |                             | 1,229,382      |                         |
| 326  | 37601     | Main - Steel                        | 3.0               | Peak Day                   | 15,734,694    | 8,497,495         | 4,741,573          |                             | 2,495,598      |                         |
| 327  | 37602     | Main - Plastic                      | 3.0               | Peak Day                   | 8,841,218     | 4,774,694         | 2,664,263          |                             | 1,402,261      |                         |
| 328  | 37800     | Meas. & Reg. Sta. Equip - General   | 3.0               | Peak Day                   | 1,237,837     | 679,294           | 378,044            |                             | 199,469        |                         |
| 329  | 37800     | Meas. & Reg. Sta. Equip - City Gate | 3.0               | Peak Day                   | 332,666       | 212,175           | 119,394            |                             | 62,314         |                         |
| 330  | 37900     | Meas. & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day                   | 538,269       | 290,692           | 162,205            |                             | 85,372         |                         |
| 331  | 38000     | Services                            | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 332  | 38100     | Meters                              | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 333  | 38200     | Meter Installations                 | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 334  | 38300     | House Regulators                    | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 335  | 38400     | House Reg. Installations            | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 336  | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 337  | 38600     | Other Prop. On Cust. Prem.          | 99.0              |                            | 0             |                   |                    |                             |                |                         |
| 338  |           |                                     |                   |                            |               |                   |                    |                             |                |                         |
| 339  |           | Total Distribution Plant            |                   |                            | 34,707,079    | 18,749,535        | 10,458,828         |                             | 5,504,716      |                         |

| Almos Energy Corporation, Kentucky/Mid-States Division   |          |  |      |                            |             |                                   |
|--|----------|--|------|----------------------------|-------------|-----------------------------------|
| Class Cost of Service - Demand/Commodity Study           |          |  |      |                            |             |                                   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |          |  |      |                            |             |                                   |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |          |  |      |                            |             |                                   |
| 340  | General: |  |      |                            |             |                                   |
| 341  | General: |  |      |                            |             |                                   |
| 342  |          |  |      |                            |             |                                   |
| 343  | 38900    | Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 344  | 39000    | Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 70,650      | 38,154 21,290 11,205              |
| 345  | 39001    | Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 346  | 39002    | Improvements                                 | 6.4  | P, S, T & D Plant - Demand | 24,730      | 13,356 7,452 3,922                |
| 347  | 39003    | Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 62,170      | 33,575 16,735 8,660               |
| 348  | 39004    | Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 359         | 518 289 152                       |
| 349  | 39000    | Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 338,560     | 182,842 102,029 53,698            |
| 350  | 39100    | Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 255,357     | 137,805 76,951 40,501             |
| 351  | 39102    | Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 352  | 39103    | Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 353  | 39200    | Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 65,501      | 35,374 19,738 10,289              |
| 354  | 39201    | Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 11,312      | 6,109 3,409 1,794                 |
| 355  | 39202    | Stores Equipment                             | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 356  | 39300    | Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 357  | 39400    | Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 231,131     | 124,822 69,650 36,659             |
| 358  | 39600    | Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 359  | 39603    | Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 12,150      | 6,562 3,661 1,927                 |
| 360  | 39604    | Welders                                      | 6.4  | P, S, T & D Plant - Demand | 17,993      | 9,717 5,422 2,854                 |
| 361  | 39605    | Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 6,285       | 4,474 2,497 1,314                 |
| 362  | 39700    | Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 63,999      | 28,946 16,152 8,501               |
| 363  | 39701    | Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 364  | 39702    | Communication Equip. - Telemetering          | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 365  | 39705    | Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | (13,016)    | (7,030) (3,923) (2,085)           |
| 366  | 39800    | Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 452,364     | 244,315 136,327 71,752            |
| 367  | 39900    | Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 368  | 39901    | Other Tangible Property - Servers - SW       | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 369  | 39902    | Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 370  | 39903    | Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 8,152       | 4,492 2,457 1,293                 |
| 371  | 39904    | Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 372  | 39905    | Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 373  | 39906    | Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 162,087     | 98,336 54,871 28,880              |
| 374  | 39907    | Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 5,129       | 2,770 1,546 814                   |
| 375  | 39908    | Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 46,069      | 24,879 13,883 7,307               |
| 376  | 39909    | Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 377  |          | Retirement Work in Progress                  | 6.4  | P, S, T & D Plant - Demand | (2,588,811) | (1,397,005) (778,524) (410,281)   |
| 378  |          | AR 15 general plant amortization             | 6.4  | P, S, T & D Plant - Demand | 219,334     | 118,491 66,095 34,787             |
| 379  |          |  |      |                            |             |                                   |
| 380  |          | Total General Plant                          |      |                            | (634,261)   | (288,527) (160,997) (84,736)      |
| 381  |          |  |      |                            |             |                                   |
| 382  |          | TOTAL DIRECT RESERVE FOR DEPRECIATION        |      |                            | 57,427,762  | 31,013,820 17,305,604 9,108,328 0 |
| 383  |          |  |      |                            |             |                                   |
| 384  |          | Kentucky Mid-States General Office:          |      |                            |             |                                   |
| 385  |          |  |      |                            |             |                                   |
| 386  |          | Intangible Plant:                            |      |                            |             |                                   |
| 387  |          |  |      |                            |             |                                   |
| 388  | 30100    | Organization                                 | 99.0 | -                          | 0           | -                                 |
| 389  | 30200    | Franchises & Consents                        | 99.0 | -                          | 0           | -                                 |
| 390  | 30300    | Misc Intangible Plant                        | 99.0 | -                          | 0           | -                                 |
| 391  |          |  |      |                            |             |                                   |
| 392  |          | Total Intangible Plant:                      |      |                            |             |                                   |
| 393  |          |  |      |                            |             |                                   |
| 394  |          | General:                                     |      |                            |             |                                   |
| 395  |          |  |      |                            |             |                                   |
| 396  | 37400    | Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 397  | 39001    | Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 16,935      | 9,148 5,103 2,686                 |
| 398  | 39602    | Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 399  | 38900    | Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 400  | 39004    | Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 1,162       | 628 350 184                       |
| 401  | 39009    | Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 7,691       | 4,153 2,318 1,220                 |
| 402  | 39100    | Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 7,763       | 4,192 2,339 1,231                 |
| 403  | 39102    | Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 404  | 39103    | Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 405  | 39200    | Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 752         | 406 227 119                       |
| 406  | 39201    | Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 407  | 39202    | Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 408  | 39300    | Stores Equipment                             | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 409  | 39400    | Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 26,261      | 14,182 7,914 4,165                |
| 410  | 39600    | Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 1,034       | 558 312 164                       |
| 411  | 39603    | Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 412  | 39604    | Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 413  | 39605    | Welders                                      | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 414  | 39700    | Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 41,020      | 22,153 12,361 6,506               |
| 415  | 39701    | Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 416  | 39702    | Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 417  | 39705    | Communication Equip. - Telemetering          | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 418  | 39800    | Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | 110,284     | 64,419 35,946 18,919              |
| 419  | 39900    | Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 14,097      | 7,013 4,248 2,236                 |
| 420  | 39901    | Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 90,301      | 32,565 18,171 9,564               |
| 421  | 39902    | Other Tangible Property - Servers - SW       | 6.4  | P, S, T & D Plant - Demand | 1,515       | 819 456 240                       |
| 422  | 39903    | Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 36,333      | 20,702 11,562 6,060               |
| 423  | 39904    | Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 424  | 39905    | Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 425  | 39906    | Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 59,522      | 32,145 17,937 9,440               |
| 426  | 39907    | Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 18,607      | 9,836 5,257 2,714                 |
| 427  | 39908    | Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 164,509     | 86,843 49,574 26,092              |
| 428  | 39909    | Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 429  | 39924    | Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 0           | -                                 |
| 430  |          | Retirement Work in Progress                  | 6.4  | P, S, T & D Plant - Demand | 10,529      | 5,686 3,173 1,670                 |
| 431  |          |  |      |                            |             |                                   |
| 432  |          | Total General Plant                          |      |                            | 581,516     | 314,047 175,237 92,231            |



| Alamos Energy Corporation, Kentucky/Mid-States Division  |                                   |  |     |                            |            |            |            |           |   |
|--|-----------------------------------|--|-----|----------------------------|------------|------------|------------|-----------|---|
| Class Cost of Service - Demand/Commodity Study           |                                   |  |     |                            |            |            |            |           |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                                   |  |     |                            |            |            |            |           |   |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |                                   |  |     |                            |            |            |            |           |   |
| 433  | Shared Services General Office:   |  |     |                            |            |            |            |           |   |
| 434  | General:                          |  |     |                            |            |            |            |           |   |
| 435  |                                   |  |     |                            |            |            |            |           |   |
| 436  | 37400                             | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 437  | 39000                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 31,328     | 16,919     | 9,441      | 4,969     | - |
| 440  | 37503                             | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 441  | 39004                             | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 442  | 39009                             | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 183,857    | 99,297     | 55,407     | 29,162    | - |
| 444  | 39100                             | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 128,302    | 69,290     | 38,663     | 20,349    | - |
| 445  | 39102                             | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 115        | 62         | 35         | 18        | - |
| 446  | 39103                             | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 57         | 31         | 17         | 9         | - |
| 447  | 39200                             | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 2,029      | 1,098      | 611        | 322       | - |
| 448  | 39201                             | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 449  | 39202                             | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 450  | 39300                             | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 19         | 9          | 4          | 2         | - |
| 451  | 39400                             | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 4,423      | 2,359      | 1,302      | 701       | - |
| 452  | 39500                             | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 218        | 117        | 65         | 34        | - |
| 453  | 39503                             | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 454  | 39504                             | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 455  | 39505                             | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 456  | 39700                             | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 28,882     | 15,150     | 8,453      | 4,440     | - |
| 457  | 39701                             | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 458  | 39702                             | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 459  | 39705                             | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 460  | 39900                             | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,754      | 1,497      | 830        | 437       | - |
| 461  | 39901                             | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 2,739      | 1,479      | 825        | 434       | - |
| 462  | 39902                             | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 174,468    | 94,231     | 52,561     | 27,674    | - |
| 463  | 39902                             | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 178,947    | 95,640     | 53,925     | 26,382    | - |
| 464  | 39903                             | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 29,189     | 15,763     | 8,796      | 4,629     | - |
| 465  | 39904                             | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 336        | 182        | 101        | 53        | - |
| 466  | 39905                             | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 302        | 165        | 91         | 48        | - |
| 467  | 39906                             | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 29,332     | 15,849     | 8,839      | 4,652     | - |
| 468  | 39907                             | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 11,091     | 5,964      | 3,339      | 1,758     | - |
| 469  | 39908                             | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 1,701,068  | 918,677    | 512,619    | 269,003   | - |
| 470  | 39909                             | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 21,545     | 11,635     | 6,492      | 3,417     | - |
| 471  | 39924                             | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 472  |                                   | Retirement Work in Progress                  | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 473  |                                   |  |     |                            |            |            |            |           |   |
| 474  |                                   | Total General Plant                          |     |                            | 2,530,209  | 1,366,438  | 762,468    | 401,304   |   |
| 475  |                                   |  |     |                            |            |            |            |           |   |
| 476  | Shared Services Customer Support: |  |     |                            |            |            |            |           |   |
| 477  | General:                          |  |     |                            |            |            |            |           |   |
| 478  |                                   |  |     |                            |            |            |            |           |   |
| 479  |                                   |  |     |                            |            |            |            |           |   |
| 480  | 37400                             | Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 481  | 39001                             | Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 482  | 39602                             | Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 91,099     | 49,193     | 27,449     | 14,447    | - |
| 483  | 37503                             | Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 484  | 39004                             | Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 485  | 39009                             | Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 81,276     | 43,803     | 24,402     | 12,891    | - |
| 486  | 39100                             | Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 9,519      | 5,141      | 2,858      | 1,510     | - |
| 487  | 39102                             | Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 488  | 39103                             | Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 4          | 2          | 1          | 1         | - |
| 489  | 39200                             | Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 490  | 39201                             | Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 491  | 39202                             | Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 492  | 39300                             | Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 493  | 39400                             | Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 494  | 39500                             | Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 495  | 39503                             | Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 496  | 39504                             | Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 497  | 39505                             | Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 498  | 39700                             | Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | (126,712)  | (68,431)   | (38,184)   | (20,897)  | - |
| 499  | 39701                             | Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 500  | 39702                             | Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 501  | 39705                             | Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 502  | 39900                             | Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 75         | 40         | 23         | 12        | - |
| 503  | 39901                             | Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 6,573      | 3,559      | 1,861      | 1,062     | - |
| 504  | 39902                             | Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 81,183     | 43,843     | 24,464     | 12,876    | - |
| 505  | 39902                             | Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 22,822     | 12,325     | 6,877      | 3,620     | - |
| 506  | 39903                             | Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 2,495      | 1,347      | 752        | 396       | - |
| 507  | 39904                             | Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 508  | 39905                             | Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0          | -          | -          | -         | - |
| 509  | 39906                             | Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | (750)      | (405)      | (228)      | (119)     | - |
| 510  | 39907                             | Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | (111)      | (60)       | (33)       | (18)      | - |
| 511  | 39908                             | Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 1,068,703  | 576,072    | 321,446    | 169,184   | - |
| 512  | 39909                             | Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 251        | 138        | 76         | 40        | - |
| 513  | 39924                             | Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 557        | 301        | 168        | 88        | - |
| 514  |                                   | Retirement Work in Progress                  | 6.4 | P, S, T & D Plant - Demand | 172        | 93         | 52         | 27        | - |
| 515  |                                   |  |     |                            |            |            |            |           |   |
| 516  |                                   | Total General Plant                          |     |                            | 1,235,147  | 667,040    | 372,208    | 195,900   |   |
| 517  |                                   |  |     |                            |            |            |            |           |   |
| 518  |                                   | TOTAL RESERVE FOR DEPRECIATION - DEMAND      |     |                            | 61,774,625 | 33,361,345 | 18,615,515 | 9,797,764 | 0 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| Commodity  |           |                                     |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                     | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 519  |           | Intangible Plant:                   |                   |                               |               |                   |                    |                             |                |                         |
| 521  | 30100     | Organization                        | 6.6               | P, S, T & D Plant - Commodity | 1,855         | 530               | 345                | 16                          | 366            | 397                     |
| 522  | 30200     | Franchises & Consents               | 6.6               | P, S, T & D Plant - Commodity | 23,810        | 7,631             | 4,869              | 233                         | 5,267          | 5,710                   |
| 523  | 30300     | Misc Intangible Plant               | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 524  |           | Total Intangible Plant              |                   |                               | 25,465        | 8,161             | 5,314              | 250                         | 5,633          | 6,107                   |
| 525  |           | Production Plant:                   |                   |                               |               |                   |                    |                             |                |                         |
| 527  |           | Producing Leaseholds                | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 530  | 32540     | Rights of Way                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 531  | 33100     | Production Gas Wells Equipment      | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 532  | 33201     | Field Lines                         | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 533  | 33202     | Tributary Lines                     | 1.2               | Sales Mcf                     | (28,968)      | (17,161)          | (11,262)           | (546)                       |                |                         |
| 534  | 33400     | Field Meas. & Reg. Sta. Equip.      | 1.2               | Sales Mcf                     | 1,572         | 931               | 611                | 30                          |                |                         |
| 535  | 33600     | Purification Equipment              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 537  |           | Total Production Plant              |                   |                               | (27,396)      | (16,229)          | (10,650)           | (516)                       | 0              | 0                       |
| 538  |           | Storage Plant:                      |                   |                               |               |                   |                    |                             |                |                         |
| 540  |           | Land                                | 1.5               | Winter Volumes                | 0             |                   |                    |                             |                |                         |
| 542  | 35020     | Rights of Way                       | 1.5               | Winter Volumes                | 2,710         | 1,061             | 640                | 20                          | 500            | 489                     |
| 543  | 35100     | Structures and Improvements         | 1.5               | Winter Volumes                | 2,750         | 1,077             | 649                | 20                          | 507            | 496                     |
| 544  | 35102     | Compression Station Equipment       | 1.5               | Winter Volumes                | 54,940        | 21,510            | 12,968             | 498                         | 10,136         | 9,918                   |
| 545  | 35103     | Meas. & Reg. Sta. Structures        | 1.5               | Winter Volumes                | 16,027        | 3,826             | 2,367              | 75                          | 1,850          | 1,810                   |
| 546  | 35104     | Other Structures                    | 1.5               | Winter Volumes                | 49,113        | 19,837            | 11,357             | 357                         | 6,676          | 6,656                   |
| 547  | 35200     | Wells & Rights of Way               | 1.5               | Winter Volumes                | 908,268       | 199,054           | 119,977            | 3,777                       | 93,771         | 91,759                  |
| 548  | 35201     | Well Construction                   | 1.5               | Winter Volumes                | 983,774       | 287,710           | 161,399            | 5,081                       | 126,145        | 123,438                 |
| 549  | 35202     | Well Equipment                      | 1.5               | Winter Volumes                | 189,533       | 74,206            | 44,738             | 1,408                       | 34,969         | 34,215                  |
| 550  | 35203     | Cushion Gas                         | 1.5               | Winter Volumes                | 340,743       | 133,407           | 80,429             | 2,532                       | 62,862         | 61,613                  |
| 551  | 35210     | Leaseholds                          | 1.5               | Winter Volumes                | 33,194        | 32,372            | 19,637             | 618                         | 15,348         | 15,019                  |
| 552  | 35211     | Storage Rights                      | 1.5               | Winter Volumes                | 21,539        | 8,433             | 5,084              | 160                         | 3,973          | 3,888                   |
| 553  | 35301     | Field Lines                         | 1.5               | Winter Volumes                | 77,071        | 30,175            | 18,192             | 573                         | 14,216         | 13,013                  |
| 554  | 35302     | Tributary Lines                     | 1.5               | Winter Volumes                | 106,591       | 41,732            | 25,160             | 792                         | 19,664         | 19,242                  |
| 555  | 35400     | Compressor Station Equipment        | 1.5               | Winter Volumes                | 240,303       | 94,093            | 56,721             | 1,769                       | 44,332         | 43,391                  |
| 556  | 35500     | Meas. & Reg. Equipment              | 1.5               | Winter Volumes                | 403,286       | 40,442            | 24,362             | 769                         | 19,656         | 18,946                  |
| 557  | 35600     | Purification Equipment              | 1.5               | Winter Volumes                | 78,850        | 30,671            | 18,612             | 589                         | 14,547         | 14,234                  |
| 559  |           | Total Storage Plant                 |                   |                               | 2,651,720     | 999,046           | 602,312            | 19,980                      | 470,752        | 460,650                 |
| 560  |           | Transmission:                       |                   |                               |               |                   |                    |                             |                |                         |
| 561  |           | Land & Land Rights                  | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 562  | 36510     | Rights of Way                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 563  | 36502     | Structures & Improvements           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 564  | 36603     | Other Structures                    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 565  | 36703     | Mains Cathodic Protection           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 566  | 36704     | Mains - Steel                       | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 567  | 36900     | Meas. & Reg. Equipment              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 568  | 36901     | Meas. & Reg. Equipment              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 571  |           | Total Transmission Plant            |                   |                               | 0             |                   |                    |                             |                |                         |
| 572  |           | Distribution:                       |                   |                               |               |                   |                    |                             |                |                         |
| 576  | 37400     | Land & Land Rights                  | 1.0               | Mcf                           | (0)           | (0)               | (0)                | (0)                         | (0)            | (0)                     |
| 577  | 37401     | Land                                | 1.0               | Mcf                           | 0             |                   |                    |                             |                |                         |
| 578  | 37402     | Land Rights                         | 1.0               | Mcf                           | 46,061        | 14,487            | 8,507              | 461                         | 10,332         | 11,275                  |
| 579  | 37403     | Land Other                          | 1.0               | Mcf                           | 0             |                   |                    |                             |                |                         |
| 580  | 37500     | Structures & Improvements           | 1.0               | Mcf                           | 35,654        | 11,214            | 7,359              | 357                         | 7,997          | 8,727                   |
| 581  | 37501     | Structures & Improvements T.B.      | 1.0               | Mcf                           | 24,081        | 7,574             | 4,970              | 241                         | 5,402          | 5,895                   |
| 582  | 37502     | Land Rights                         | 1.0               | Mcf                           | 12,149        | 3,021             | 2,307              | 122                         | 2,725          | 2,974                   |
| 583  | 37503     | Improvements                        | 1.0               | Mcf                           | 931           | 199               | 130                | 6                           | 142            | 155                     |
| 584  | 37600     | Mains Cathodic Protection           | 1.0               | Mcf                           | 4,812,505     | 1,513,589         | 993,276            | 48,144                      | 1,079,473      | 1,178,022               |
| 585  | 37601     | Mains - Steel                       | 1.0               | Mcf                           | 9,769,168     | 3,072,525         | 2,016,310          | 97,730                      | 2,191,267      | 2,391,336               |
| 586  | 37602     | Mains - Plastic                     | 1.0               | Mcf                           | 5,489,261     | 1,728,434         | 1,132,953          | 54,914                      | 1,231,272      | 1,343,678               |
| 587  | 37800     | Meas. & Reg. Sta. Equip - General   | 1.0               | Mcf                           | 780,954       | 245,919           | 161,165            | 7,813                       | 176,173        | 181,165                 |
| 588  | 37900     | Meas. & Reg. Sta. Equip - City Gate | 1.0               | Mcf                           | 243,931       | 76,719            | 50,346             | 2,440                       | 64,715         | 69,710                  |
| 589  | 37905     | Meas. & Reg. Sta. Equipment T.B.    | 1.0               | Mcf                           | 334,195       | 105,108           | 68,976             | 3,343                       | 74,962         | 81,805                  |
| 590  | 38000     | Services                            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 591  | 38100     | Meters                              | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 592  | 38200     | Meter Installations                 | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 593  | 38300     | House Regulators                    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 594  | 39400     | House Reg. Installations            | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 595  | 38500     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 596  | 38600     | Other Prop. On Cust. Prem           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 597  |           | Total Distribution Plant            |                   |                               | 21,549,601    | 6,777,289         | 4,447,521          | 215,570                     | 4,833,479      | 5,274,742               |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |  |      |                               |             |           |           |
|--|--|------|-------------------------------|-------------|-----------|-----------|
| Class Cost of Service - Demand/Commodity Study           |  |      |                               |             |           |           |
| Forecasted Test Period, Twelve Months Ended May 31, 2017 |  |      |                               |             |           |           |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |      |                               |             |           |           |
| 599  | General:   |      |                               |             |           |           |
| 600  | 0  |      |                               |             |           |           |
| 601  | 0  |      |                               |             |           |           |
| 602  | 39900 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 603  | 39000 Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 37,631      | 12,060    | 7,853     |
| 604  | 39001 Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 605  | 39002 Improvements                                 | 6.6  | P, S, T & D Plant - Commodity | 13,172      | 4,221     | 2,740     |
| 606  | 39003 Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 33,114      | 10,812    | 6,911     |
| 607  | 39004 Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 511         | 164       | 107       |
| 608  | 39009 Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 180,333     | 57,793    | 37,634    |
| 609  | 39100 Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 136,013     | 43,589    | 28,385    |
| 610  | 39102 Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 611  | 39103 Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 612  | 39200 Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 34,888      | 11,181    | 7,281     |
| 613  | 39201 Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 6,025       | 1,931     | 1,257     |
| 614  | 39202 Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 615  | 39300 Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 616  | 39400 Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 123,109     | 39,454    | 25,692    |
| 617  | 39500 Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 618  | 39503 Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 6,472       | 2,074     | 1,351     |
| 619  | 39504 Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 9,584       | 3,071     | 2,000     |
| 620  | 39605 Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 4,413       | 1,414     | 921       |
| 621  | 39700 Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 28,549      | 9,149     | 5,958     |
| 622  | 39701 Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 623  | 39702 Communication Equip. - Telemetry             | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 624  | 39705 Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | (6,934)     | (2,222)   | (1,447)   |
| 625  | 39800 Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 240,962     | 77,223    | 50,287    |
| 626  | 39900 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 627  | 39901 Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 628  | 39902 Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 629  | 39903 Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 4,342       | 1,392     | 906       |
| 630  | 39904 Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 631  | 39905 Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 632  | 39906 Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 96,987      | 31,082    | 20,240    |
| 633  | 39907 Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 2,732       | 876       | 570       |
| 634  | 39908 Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 24,538      | 7,864     | 5,121     |
| 635  | 39909 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 636  | Retirement Work in Progress                        | 6.6  | P, S, T & D Plant - Commodity | (1,377,833) | (441,594) | (287,542) |
| 637  | AR 15 general plant amortization                   | 6.6  | P, S, T & D Plant - Commodity | 116,826     | 37,440    | 24,391    |
| 638  | Total General Plant                                |      |                               |             |           |           |
| 639  |  |      |                               | (264,568)   | (91,197)  | (59,387)  |
| 640  | TOTAL DIRECT RESERVE FOR DEPRECIATION              |      |                               |             |           |           |
| 641  |  |      |                               | 23,813,822  | 7,677,069 | 4,985,119 |
| 642  | Kentucky Mid-States General Office:                |      |                               |             |           |           |
| 643  | Intangible Plant:                                  |      |                               |             |           |           |
| 644  | 0  |      |                               |             |           |           |
| 645  | 0  |      |                               |             |           |           |
| 646  | 0  |      |                               |             |           |           |
| 647  | 30100 Organization                                 | 99.0 | -                             | 0           | -         | -         |
| 648  | 30200 Franchise & Consents                         | 99.0 | -                             | 0           | -         | -         |
| 649  | 30300 Misc Intangible Plant                        | 99.0 | -                             | 0           | -         | -         |
| 650  | Total Intangible Plant:                            |      |                               |             |           |           |
| 651  |  |      |                               | 0           | -         | -         |
| 652  | General:   |      |                               |             |           |           |
| 653  | 0  |      |                               |             |           |           |
| 654  | 0  |      |                               |             |           |           |
| 655  | 37400 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 656  | 39001 Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 9,029       | 2,891     | 1,882     |
| 657  | 39002 Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 658  | 39003 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 659  | 39004 Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 619         | 198       | 129       |
| 660  | 39009 Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 4,066       | 1,313     | 855       |
| 661  | 39100 Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 4,135       | 1,325     | 863       |
| 662  | 39102 Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 663  | 39103 Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 664  | 39200 Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 401         | 128       | 84        |
| 665  | 39201 Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 666  | 39202 Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 667  | 39300 Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 668  | 39400 Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 13,399      | 4,463     | 2,919     |
| 669  | 39500 Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 851         | 177       | 115       |
| 670  | 39503 Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 671  | 39504 Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 672  | 39605 Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 673  | 39700 Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 21,849      | 7,002     | 4,590     |
| 674  | 39701 Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 675  | 39702 Communication Equip. - Telemetry             | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 676  | 39705 Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 677  | 39800 Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 63,535      | 20,362    | 13,259    |
| 678  | 39900 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 7,509       | 2,406     | 1,567     |
| 679  | 39901 Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 32,116      | 10,293    | 6,703     |
| 680  | 39902 Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 807         | 259       | 168       |
| 681  | 39903 Other Tangible Property - CPU                | 6.6  | P, S, T & D Plant - Commodity | 20,416      | 6,543     | 4,281     |
| 682  | 39904 Other Tang. Property - MF - Hardware         | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 683  | 39905 Other Tangible Property - PC Hardware        | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 684  | 39906 Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 31,704      | 10,160    | 6,616     |
| 685  | 39907 Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 5,786       | 1,845     | 1,201     |
| 686  | 39908 Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 87,624      | 28,081    | 18,286    |
| 687  | 39909 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 688  | 39904 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0           | -         | -         |
| 689  | Retirement Work in Progress                        | 6.6  | P, S, T & D Plant - Commodity | 6,908       | 1,797     | 1,170     |
| 690  | Total General Plant                                |      |                               |             |           |           |
| 691  |  |      |                               | 309,737     | 99,264    | 64,640    |

| Almas Energy Corporation, Kentucky/MJ-States Division    |  |                                   |            |           |           |         |           |           |
|--|--|-----------------------------------|------------|-----------|-----------|---------|-----------|-----------|
| Class Cost of Service - Demand Commodity Study           |  |                                   |            |           |           |         |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                                   |            |           |           |         |           |           |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |                                   |            |           |           |         |           |           |
| 692  |  |                                   |            |           |           |         |           |           |
| 693  | Shared Services General Office:                    |                                   |            |           |           |         |           |           |
| 694  |  |                                   |            |           |           |         |           |           |
| 695  | General:   |                                   |            |           |           |         |           |           |
| 696  |  |                                   |            |           |           |         |           |           |
| 697  | 37400 Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 698  | 39000 Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 16,686     | 5,348     | 3,482     | 164     | 3,691     | 4,001     |
| 699  | 39500 Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 700  | 37503 Improvements                                 | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 701  | 39004 Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 702  | 39009 Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 97,934     | 31,386    | 20,438    | 960     | 21,665    | 23,485    |
| 703  | 39100 Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 88,339     | 21,801    | 14,262    | 670     | 15,118    | 19,988    |
| 704  | 39102 Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 61         | 20        | 13        | 1       | 14        | 15        |
| 705  | 39103 Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 30         | 10        | 6         | 0       | 7         | 7         |
| 706  | 39200 Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 1,081      | 346       | 226       | 11      | 239       | 250       |
| 707  | 39201 Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 708  | 39202 Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 709  | 39300 Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0          | 3         | 2         | 0       | 2         | 2         |
| 710  | 39400 Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 2,355      | 755       | 491       | 23      | 621       | 665       |
| 711  | 39600 Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 115        | 37        | 24        | 1       | 25        | 28        |
| 712  | 39603 Ditchers                                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 713  | 39604 Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 714  | 39605 Welders                                      | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 715  | 39700 Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | 14,942     | 4,788     | 3,118     | 146     | 3,305     | 3,593     |
| 716  | 39701 Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 717  | 39702 Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 718  | 39705 Communication Equip. - Telemetering          | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 719  | 39800 Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 1,467      | 470       | 306       | 14      | 325       | 352       |
| 720  | 39803 Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 1,458      | 467       | 304       | 14      | 323       | 350       |
| 721  | 39901 Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 92,938     | 29,764    | 19,395    | 911     | 20,560    | 22,287    |
| 722  | 39902 Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 95,314     | 30,546    | 19,691    | 935     | 21,085    | 22,657    |
| 723  | 39903 Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 15,549     | 4,982     | 3,244     | 152     | 3,439     | 3,728     |
| 724  | 39904 Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 179        | 57        | 37        | 2       | 40        | 43        |
| 725  | 39905 Other Tangible Property - MF - Hardware      | 6.6 P, S, T & D Plant - Commodity | 161        | 52        | 34        | 2       | 36        | 39        |
| 726  | 39906 Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | 15,623     | 5,007     | 3,260     | 153     | 3,456     | 3,746     |
| 727  | 39907 Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | 6,902      | 1,892     | 1,232     | 58      | 1,306     | 1,415     |
| 728  | 39908 Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 906,069    | 290,375   | 189,089   | 8,894   | 200,441   | 217,280   |
| 729  | 39909 Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 11,476     | 3,678     | 2,395     | 113     | 2,539     | 2,752     |
| 730  | 39924 Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 731  | Retirement Work In Progress                        | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 732  |  |                                   |            |           |           |         |           |           |
| 733  | Total General Plant                                |                                   | 1,347,685  | 431,903   | 281,251   | 13,213  | 298,136   | 323,162   |
| 734  | Shared Services Customer Support:                  |                                   | 83,917     | 26,894    | 17,513    | 623     | 18,564    | 20,124    |
| 735  |  |                                   |            |           |           |         |           |           |
| 736  | General:   |                                   |            |           |           |         |           |           |
| 737  |  |                                   |            |           |           |         |           |           |
| 738  |  |                                   |            |           |           |         |           |           |
| 739  | 37400 Land & Land Rights                           | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 740  | 39001 Structures Frame                             | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 741  | 39502 Structures & Improvements                    | 6.6 P, S, T & D Plant - Commodity | 48,518     | 15,549    | 10,125    | 476     | 10,733    | 11,635    |
| 742  | 37503 Improvements                                 | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 743  | 39004 Air Conditioning Equipment                   | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 744  | 39009 Improvement to leased Premises               | 6.6 P, S, T & D Plant - Commodity | 43,200     | 13,874    | 9,034     | 424     | 9,577     | 10,261    |
| 745  | 39100 Office Furniture & Equipment                 | 6.6 P, S, T & D Plant - Commodity | 5,070      | 1,626     | 1,059     | 50      | 1,122     | 1,216     |
| 746  | 39102 Remittance Processing Equip                  | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 747  | 39103 Office Machines                              | 6.6 P, S, T & D Plant - Commodity | 2          | 1         | 0         | 0       | 0         | 0         |
| 748  | 39200 Transportation Equipment                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 749  | 39201 Trucks                                       | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 750  | 39202 Trailers                                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 751  | 39300 Stores Equipment                             | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 752  | 39400 Tools, Shop & Garage Equipment               | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 753  | 39600 Power Operated Equipment                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 754  | 39603 Ditchers                                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 755  | 39604 Backhoes                                     | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 756  | 39605 Welders                                      | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 757  | 39700 Communication Equipment                      | 6.6 P, S, T & D Plant - Commodity | (67,492)   | (21,630)  | (14,085)  | (662)   | (14,931)  | (16,185)  |
| 758  | 39701 Communication Equipment - Mobile Radios      | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 759  | 39702 Communication Equipment - Fixed Radios       | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 760  | 39705 Communication Equip. - Telemetering          | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 761  | 39800 Miscellaneous Equipment                      | 6.6 P, S, T & D Plant - Commodity | 49         | 13        | 8         | 0       | 9         | 10        |
| 762  | 39900 Other Tangible Property                      | 6.6 P, S, T & D Plant - Commodity | 3,501      | 1,122     | 731       | 34      | 774       | 840       |
| 763  | 39901 Other Tangible Property - Servers - HW       | 6.6 P, S, T & D Plant - Commodity | 43,241     | 13,859    | 9,024     | 424     | 9,566     | 10,266    |
| 764  | 39902 Other Tangible Property - Servers - SW       | 6.6 P, S, T & D Plant - Commodity | 12,156     | 3,896     | 2,537     | 119     | 2,689     | 2,916     |
| 765  | 39903 Other Tangible Property - Network - HW       | 6.6 P, S, T & D Plant - Commodity | 1,329      | 426       | 277       | 13      | 294       | 319       |
| 766  | 39904 Other Tang. Property - CPU                   | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 767  | 39905 Other Tangible Property - MF - Hardware      | 6.6 P, S, T & D Plant - Commodity | 0          |           |           |         |           |           |
| 768  | 39906 Other Tang. Property - PC Hardware           | 6.6 P, S, T & D Plant - Commodity | (400)      | (128)     | (83)      | (4)     | (86)      | (96)      |
| 769  | 39907 Other Tang. Property - PC Software           | 6.6 P, S, T & D Plant - Commodity | (56)       | (19)      | (12)      | (1)     | (13)      | (14)      |
| 770  | 39908 Other Tang. Property - Mainframe SW          | 6.6 P, S, T & D Plant - Commodity | 568,166    | 182,084   | 118,571   | 5,671   | 125,990   | 136,249   |
| 771  | 39909 Other Tang. Property - Application Software  | 6.6 P, S, T & D Plant - Commodity | 131        | 43        | 28        | 1       | 50        | 52        |
| 772  | 39924 Other Tang. Property - General Startup Costs | 6.6 P, S, T & D Plant - Commodity | 297        | 95        | 62        | 3       | 66        | 71        |
| 773  | Retirement Work In Progress                        | 6.6 P, S, T & D Plant - Commodity | 92         | 28        | 19        | 1       | 20        | 22        |
| 774  |  |                                   |            |           |           |         |           |           |
| 775  | Total General Plant                                |                                   | 657,888    | 210,838   | 137,295   | 6,490   | 145,538   | 157,765   |
| 776  |  |                                   |            |           |           |         |           |           |
| 777  | TOTAL RESERVE FOR DEPRECIATION - COMMODITY         |                                   | 26,128,191 | 8,419,073 | 5,468,296 | 254,174 | 6,758,106 | 6,228,482 |

| Altoon Energy Corporation, Kentucky/Mid-States Division  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
|--|-----------|-------------------|--------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Demand/Commodity Study           |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| Total Reserve for Depreciation                           |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| Line No.   | Acct. No. | Allocation Factor | Allocation Basis                     | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 776  |           |                   | Intangible Plant:                    |               |                   |                    |                             |                |                         |  |
| 779  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 780  | 30100     |                   | Organization                         | 8,330         | 4,852             | 2,156              | 19                          | 889            | 414                     |  |
| 781  | 30200     |                   | Franchises & Consents                | 119,853       | 69,813            | 31,024             | 273                         | 12,787         | 6,957                   |  |
| 782  | 30300     |                   | Misc Intangible Plant                | 0             | -                 | -                  | -                           | -              | -                       |  |
| 783  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 784  |           |                   | Total Intangible Plant:              | 128,183       | 74,665            | 33,180             | 292                         | 13,675         | 6,371                   |  |
| 785  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 786  |           |                   | Production Plant:                    |               |                   |                    |                             |                |                         |  |
| 787  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 788  | 32520     |                   | Producing Leaseholds                 | 0             | -                 | -                  | -                           | -              | -                       |  |
| 789  | 32540     |                   | Rights of Ways                       | 0             | -                 | -                  | -                           | -              | -                       |  |
| 790  | 33100     |                   | Production Gas Wells Equipment       | 0             | -                 | -                  | -                           | -              | -                       |  |
| 791  | 33201     |                   | Field Lines                          | 0             | -                 | -                  | -                           | -              | -                       |  |
| 792  | 33202     |                   | Tributary Lines                      | (28,988)      | (17,161)          | (11,262)           | (546)                       | -              | -                       |  |
| 793  | 33400     |                   | Field Meas. & Reg. Sta. Equip.       | 1,572         | 931               | 611                | 30                          | -              | -                       |  |
| 794  | 33600     |                   | Purification Equipment               | 0             | -                 | -                  | -                           | -              | -                       |  |
| 795  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 796  |           |                   | Total Production Plant               | (27,396)      | (16,229)          | (10,650)           | (516)                       | 0              | 0                       |  |
| 797  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 798  |           |                   | Storage Plant:                       |               |                   |                    |                             |                |                         |  |
| 799  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 800  | 35010     |                   | Land                                 | 0             | -                 | -                  | -                           | -              | -                       |  |
| 801  | 35020     |                   | Rights of Way                        | 5,420         | 2,525             | 1,456              | 20                          | 930            | 480                     |  |
| 802  | 35100     |                   | Structures and Improvements          | 5,500         | 2,562             | 1,478              | 20                          | 944            | 496                     |  |
| 803  | 35102     |                   | Compressor Station Equipment         | 109,880       | 51,180            | 28,524             | 408                         | 18,849         | 9,918                   |  |
| 804  | 35103     |                   | Meas. & Reg. Sta. Structures         | 20,055        | 9,341             | 5,389              | 75                          | 3,440          | 1,810                   |  |
| 805  | 35104     |                   | Other Structures                     | 96,228        | 44,820            | 25,855             | 357                         | 16,507         | 8,686                   |  |
| 806  | 35200     |                   | Wells \ Rights of Way                | 1,016,576     | 473,505           | 273,147            | 3,777                       | 174,388        | 91,759                  |  |
| 807  | 35201     |                   | Well Construction                    | 1,367,547     | 636,882           | 367,451            | 5,081                       | 234,595        | 123,438                 |  |
| 808  | 35202     |                   | Well Equipment                       | 370,055       | 176,563           | 101,852            | 1,408                       | 65,027         | 34,215                  |  |
| 809  | 35203     |                   | Cushion Gas                          | 691,485       | 317,425           | 183,111            | 2,532                       | 119,905        | 61,813                  |  |
| 810  | 35210     |                   | Leaseholds                           | 166,398       | 77,501            | 44,707             | 618                         | 28,548         | 15,019                  |  |
| 811  | 35211     |                   | Storage Rights                       | 43,078        | 20,064            | 11,574             | 160                         | 7,389          | 3,888                   |  |
| 812  | 35301     |                   | Field Lines                          | 164,142       | 71,797            | 41,417             | 573                         | 26,442         | 13,913                  |  |
| 813  | 35302     |                   | Tributary Lines                      | 213,182       | 99,287            | 57,281             | 792                         | 36,570         | 19,242                  |  |
| 814  | 35400     |                   | Compressor Station Equipment         | 480,606       | 223,858           | 129,136            | 1,796                       | 82,445         | 43,391                  |  |
| 815  | 35500     |                   | Meas. & Reg. Equipment               | 206,592       | 96,227            | 55,510             | 758                         | 35,440         | 18,546                  |  |
| 816  | 35600     |                   | Purification Equipment               | 157,701       | 73,454            | 42,373             | 586                         | 27,053         | 14,234                  |  |
| 817  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 818  |           |                   | Total Storage Plant                  | 5,103,440     | 2,377,101         | 1,371,262          | 18,960                      | 875,467        | 460,650                 |  |
| 819  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 820  |           |                   | Transmission:                        |               |                   |                    |                             |                |                         |  |
| 821  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 822  | 36510     |                   | Land & Land Rights                   | 0             | -                 | -                  | -                           | -              | -                       |  |
| 823  | 36520     |                   | Rights of Way                        | 452,087       | 244,149           | 136,235            | -                           | 71,703         | -                       |  |
| 824  | 36602     |                   | Structures & Improvements            | 13,411        | 7,243             | 4,041              | -                           | 2,127          | -                       |  |
| 825  | 36603     |                   | Other Structures                     | 47,280        | 25,534            | 14,248             | -                           | 7,499          | -                       |  |
| 826  | 36700     |                   | Mains Cathodic Protection            | 130,982       | 70,737            | 39,471             | -                           | 20,774         | -                       |  |
| 827  | 36701     |                   | Mains - Steel                        | 18,280,712    | 9,877,347         | 5,511,526          | -                           | 2,900,840      | -                       |  |
| 828  | 36900     |                   | Meas. & Reg. Equipment               | 267,055       | 144,223           | 80,476             | -                           | 42,356         | -                       |  |
| 829  | 36901     |                   | Meas. & Reg. Equipment               | 1,454,876     | 785,705           | 436,421            | -                           | 230,751        | -                       |  |
| 830  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 831  |           |                   | Total Transmission Plant             | 20,655,404    | 11,154,936        | 6,224,417          | -                           | 3,276,050      | -                       |  |
| 832  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 833  |           |                   | Distribution:                        |               |                   |                    |                             |                |                         |  |
| 834  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 835  | 37400     |                   | Land & Land Rights                   | (0)           | (0)               | (0)                | (0)                         | (0)            | (0)                     |  |
| 836  | 37401     |                   | Land                                 | 0             | -                 | -                  | -                           | -              | -                       |  |
| 837  | 37402     |                   | Land Rights                          | 120,248       | 54,552            | 31,863             | 481                         | 22,098         | 11,275                  |  |
| 838  | 37403     |                   | Land Other                           | 0             | -                 | -                  | -                           | -              | -                       |  |
| 839  | 37500     |                   | Structures & Improvements            | 93,080        | 42,226            | 24,664             | 357                         | 17,105         | 8,727                   |  |
| 840  | 37501     |                   | Structures & Improvements T.B.       | 62,887        | 28,520            | 16,658             | 241                         | 11,553         | 5,895                   |  |
| 841  | 37502     |                   | Land Rights                          | 31,717        | 14,388            | 8,404              | 122                         | 5,829          | 2,974                   |  |
| 842  | 37503     |                   | Improvements                         | 1,868         | 748               | 437                | 6                           | 303            | 155                     |  |
| 843  | 37600     |                   | Mains Cathodic Protection            | 12,563,726    | 5,699,631         | 3,329,073          | 48,144                      | 2,308,656      | 1,178,022               |  |
| 844  | 37601     |                   | Mains - Steel                        | 25,503,852    | 11,570,020        | 6,757,683          | 97,730                      | 4,686,683      | 2,391,336               |  |
| 845  | 37602     |                   | Mains - Plastic                      | 14,330,470    | 6,501,128         | 3,797,216          | 54,914                      | 2,633,533      | 1,343,678               |  |
| 846  | 37600     |                   | Meas. & Reg. Sta. Equip. - General   | 2,038,790     | 934,913           | 540,238            | 7,813                       | 374,672        | 191,185                 |  |
| 847  | 37600     |                   | Meas. & Reg. Sta. Equip. - City Gate | 636,817       | 289,897           | 169,741            | 2,440                       | 117,026        | 59,710                  |  |
| 848  | 37600     |                   | Meas. & Reg. Sta. Equipment T.B.     | 872,484       | 395,800           | 231,181            | 3,343                       | 160,334        | 81,605                  |  |
| 849  | 38000     |                   | Services                             | 41,215,363    | 36,686,701        | 4,480,407          | 2,682                       | 28,895         | 16,679                  |  |
| 850  | 38100     |                   | Meters                               | 17,354,749    | 10,371,050        | 6,482,613          | 26,680                      | 312,652        | 179,775                 |  |
| 851  | 38200     |                   | Meter Installations                  | 22,442,435    | 13,411,408        | 8,357,191          | 37,052                      | 404,536        | 232,477                 |  |
| 852  | 38300     |                   | House Regulators                     | 3,398,848     | 2,031,123         | 1,265,673          | 5,613                       | 61,231         | 36,208                  |  |
| 853  | 38400     |                   | House Reg. Installations             | 76,950        | 45,991            | 28,659             | 127                         | 1,386          | 797                     |  |
| 854  | 38500     |                   | Ind. Meas. & Reg. Sta. Equipment     | 2,791,605     | 1,653             | 2,762,066          | 1,653                       | 17,813         | 10,282                  |  |
| 855  | 38600     |                   | Other Prop. On Cust. Prem            | 0             | -                 | -                  | -                           | -              | -                       |  |
| 856  |           |                   |                                      |               |                   |                    |                             |                |                         |  |
| 857  |           |                   | Total Distribution Plant             | 143,635,842   | 88,087,006        | 38,262,909         | 291,367                     | 11,164,480     | 5,749,951               |  |

Altos Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF RESERVE FOR DEPRECIATION

|      |          |  |             |             |             |          |            |           |   |
|------|----------|--|-------------|-------------|-------------|----------|------------|-----------|---|
| 858  | General: |  |             |             |             |          |            |           |   |
| 859  |          |  |             |             |             |          |            |           |   |
| 861: | 39000    | Land & Land Rights                           | 0           | -           | -           | -        | -          | -         | - |
| 862  | 39000    | Structures Frame                             | 169,419     | 110,334     | 49,031      | 431      | 20,209     | 9,414     |   |
| 863: | 39001    | Structures & Improvements                    | 0           | -           | -           | -        | -          | -         | - |
| 864  | 39002    | Improvements                                 | 66,305      | 36,622      | 17,193      | 151      | 7,074      | 3,295     |   |
| 865: | 39003    | Air Conditioning Equipment                   | 166,885     | 87,091      | 43,146      | 376      | 17,783     | 8,264     |   |
| 866  | 39004    | Improvement to leased Premises               | 2,570       | 1,457       | 655         | 6        | 274        | 128       |   |
| 867: | 39009    | Office Furniture & Equipment                 | 907,725     | 526,738     | 234,984     | 2,066    | 96,843     | 45,115    |   |
| 868  | 39100    | Remittance Processing Equip                  | 684,635     | 386,791     | 177,217     | 1,558    | 73,042     | 34,027    |   |
| 869: | 39102    | Office Machines                              | 0           | -           | -           | -        | -          | -         | - |
| 870: | 39103    | Transportation Equipment                     | 0           | -           | -           | -        | -          | -         | - |
| 871: | 39200    | Trucks                                       | 175,613     | 102,292     | 45,457      | 400      | 18,738     | 8,728     |   |
| 872: | 39201    | Trailers                                     | 30,329      | 17,666      | 7,851       | 69       | 3,236      | 1,607     |   |
| 873: | 39202    | Stores Equipment                             | 0           | -           | -           | -        | -          | -         | - |
| 874: | 39300    | Tools, Shop & Garage Equipment               | 0           | -           | -           | -        | -          | -         | - |
| 875: | 39400    | Power Operated Equipment                     | 619,694     | 360,958     | 169,494     | 1,411    | 66,112     | 30,799    |   |
| 876: | 39600    | Ditchers                                     | 0           | -           | -           | -        | -          | -         | - |
| 877: | 39603    | Backhoes                                     | 32,576      | 18,978      | 8,432       | 74       | 3,475      | 1,619     |   |
| 878: | 39604    | Welders                                      | 49,240      | 26,059      | 12,487      | 110      | 5,147      | 2,390     |   |
| 879: | 39605    | Communication Equipment                      | 22,213      | 12,939      | 5,750       | 51       | 2,370      | 1,104     |   |
| 880: | 39700    | Communication Equipment - Mobile Radios      | 143,704     | 83,705      | 37,198      | 327      | 15,331     | 7,142     |   |
| 881: | 39701    | Communication Equipment - Fixed Radios       | 0           | -           | -           | -        | -          | -         | - |
| 882: | 39702    | Communication Equip. - Telemetering          | 0           | -           | -           | -        | -          | -         | - |
| 883: | 39705    | Miscellaneous Equipment                      | (34,903)    | (20,330)    | (8,035)     | (79)     | (3,724)    | (1,735)   |   |
| 884: | 39800    | Other Tangible Property                      | 1,212,908   | 706,503     | 313,960     | 2,761    | 129,402    | 60,282    |   |
| 885: | 39900    | Other Tangible Property - Servers - HW       | 0           | -           | -           | -        | -          | -         | - |
| 886: | 39901    | Other Tangible Property - Servers - SW       | 0           | -           | -           | -        | -          | -         | - |
| 887: | 39902    | Other Tangible Property - Network - HW       | 0           | -           | -           | -        | -          | -         | - |
| 888: | 39903    | Other Tang. Property - CPU                   | 21,856      | 12,731      | 5,657       | 50       | 2,332      | 1,066     |   |
| 889: | 39904    | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -        | -          | -         | - |
| 890: | 39905    | Other Tang. Property - PC Hardware           | 0           | -           | -           | -        | -          | -         | - |
| 891: | 39906    | Other Tang. Property - PC Software           | 488,193     | 284,369     | 128,368     | 1,111    | 52,084     | 24,284    |   |
| 892: | 39907    | Other Tang. Property - Mainframe SW          | 13,752      | 8,010       | 3,650       | 31       | 1,467      | 683       |   |
| 893: | 39908    | Other Tang. Property - Application Software  | 123,515     | 71,946      | 31,872      | 281      | 13,177     | 6,130     |   |
| 894: | 39909    | Other Tang. Property - General Startup Costs | 0           | -           | -           | -        | -          | -         | - |
| 895: |          | Retirement Work In Progress                  | (8,935,473) | (4,039,821) | (1,793,240) | (15,788) | (739,926)  | (344,696) |   |
| 896: |          | AR 15 general plant amortization             | 588,055     | 342,534     | 152,217     | 1,339    | 62,338     | 29,227    |   |
| 897: |          |  |             |             |             |          |            |           |   |
| 898: |          | Total General Plant                          | (1,432,402) | (834,355)   | (370,776)   | (3,281)  | (152,819)  | (71,191)  |   |
| 899: |          |  |             |             |             |          |            |           |   |
| 900: |          | TOTAL DIRECT RESERVE FOR DEPRECIATION        | 167,863,071 | 100,823,214 | 45,510,371  | 306,842  | 15,178,854 | 6,145,790 |   |
| 901: |          |  |             |             |             |          |            |           |   |
| 902: |          | Kentucky Mid-States General Office:          |             |             |             |          |            |           |   |
| 903: |          |  |             |             |             |          |            |           |   |
| 904: |          | Intangible Plant:                            |             |             |             |          |            |           |   |
| 905: |          |  |             |             |             |          |            |           |   |
| 906: | 30100    | Organization                                 | 0           | -           | -           | -        | -          | -         | - |
| 907: | 30200    | Franchises & Consents                        | 0           | -           | -           | -        | -          | -         | - |
| 908: | 30300    | Misc Intangible Plant                        | 0           | -           | -           | -        | -          | -         | - |
| 909: |          |  |             |             |             |          |            |           |   |
| 910: |          | Total Intangible Plant:                      |             |             |             |          |            |           |   |
| 911: |          |  |             |             |             |          |            |           |   |
| 912: |          | General:                                     |             |             |             |          |            |           |   |
| 913: |          |  |             |             |             |          |            |           |   |
| 914: | 37400    | Land & Land Rights                           | 0           | -           | -           | -        | -          | -         | - |
| 915: | 39001    | Structures Frame                             | 45,405      | 26,448      | 11,763      | 103      | 4,844      | 2,257     |   |
| 916: | 36602    | Structures & Improvements                    | 0           | -           | -           | -        | -          | -         | - |
| 917: | 36600    | Land & Land Rights                           | 0           | -           | -           | -        | -          | -         | - |
| 918: | 39004    | Air Conditioning Equipment                   | 3,116       | 1,815       | 807         | 7        | 332        | 155       |   |
| 919: | 39009    | Improvement to leased Premises               | 20,619      | 12,010      | 5,337       | 47       | 2,200      | 1,025     |   |
| 920: | 39100    | Office Furniture & Equipment                 | 20,814      | 12,124      | 5,368       | 47       | 2,221      | 1,034     |   |
| 921: | 39102    | Remittance Processing Equip                  | 0           | -           | -           | -        | -          | -         | - |
| 922: | 39103    | Office Machines                              | 0           | -           | -           | -        | -          | -         | - |
| 923: | 39200    | Transportation Equipment                     | 2,018       | 1,175       | 522         | 5        | 215        | 100       |   |
| 924: | 39201    | Trucks                                       | 0           | -           | -           | -        | -          | -         | - |
| 925: | 39202    | Trailers                                     | 0           | -           | -           | -        | -          | -         | - |
| 926: | 39300    | Stores Equipment                             | 0           | -           | -           | -        | -          | -         | - |
| 927: | 39400    | Tools, Shop & Garage Equipment               | 70,405      | 41,012      | 18,225      | 163      | 7,512      | 3,489     |   |
| 928: | 39600    | Power Operated Equipment                     | 2,773       | 1,615       | 716         | 6        | 286        | 138       |   |
| 929: | 39603    | Ditchers                                     | 0           | -           | -           | -        | -          | -         | - |
| 930: | 39604    | Backhoes                                     | 0           | -           | -           | -        | -          | -         | - |
| 931: | 39605    | Welders                                      | 0           | -           | -           | -        | -          | -         | - |
| 932: | 39700    | Communication Equipment                      | 109,978     | 64,061      | 28,468      | 250      | 11,733     | 5,466     |   |
| 933: | 39701    | Communication Equipment - Mobile Radios      | 0           | -           | -           | -        | -          | -         | - |
| 934: | 39702    | Communication Equipment - Fixed Radios       | 0           | -           | -           | -        | -          | -         | - |
| 935: | 39705    | Communication Equip. - Telemetering          | 0           | -           | -           | -        | -          | -         | - |
| 936: | 39800    | Miscellaneous Equipment                      | 319,811     | 186,286     | 82,783      | 728      | 34,120     | 15,895    |   |
| 937: | 39900    | Other Tangible Property                      | 37,795      | 22,018      | 9,794       | 89       | 4,032      | 1,879     |   |
| 938: | 39901    | Other Tangible Property - Servers - HW       | 181,071     | 94,171      | 41,848      | 368      | 17,248     | 8,035     |   |
| 939: | 39902    | Other Tangible Property - Servers - SW       | 4,061       | 2,368       | 1,051       | 9        | 433        | 202       |   |
| 940: | 39903    | Other Tangible Property - Network - HW       | 102,775     | 59,855      | 26,603      | 234      | 10,966     | 5,108     |   |
| 941: | 39904    | Other Tang. Property - CPU                   | 0           | -           | -           | -        | -          | -         | - |
| 942: | 39905    | Other Tangible Property - MF - Hardware      | 0           | -           | -           | -        | -          | -         | - |
| 943: | 39906    | Other Tang. Property - PC Hardware           | 159,693     | 92,955      | 41,308      | 383      | 17,026     | 7,931     |   |
| 944: | 39907    | Other Tang. Property - PC Software           | 28,573      | 16,877      | 7,500       | 66       | 3,081      | 1,440     |   |
| 945: | 39908    | Other Tang. Property - Mainframe SW          | 441,065     | 258,814     | 114,169     | 1,004    | 47,056     | 21,821    |   |
| 946: | 39909    | Other Tang. Property - Application Software  | 0           | -           | -           | -        | -          | -         | - |
| 947: | 39924    | Other Tang. Property - General Startup Costs | 0           | -           | -           | -        | -          | -         | - |
| 948: |          | Retirement Work In Progress                  | 25,230      | 16,444      | 7,307       | 64       | 3,012      | 1,403     |   |
| 949: |          |  |             |             |             |          |            |           |   |
| 950: |          | Total General Plant                          | 1,559,097   | 808,153     | 403,671     | 3,549    | 166,336    | 77,488    |   |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |  |             |             |            |         |            |           |
|--|--|-------------|-------------|------------|---------|------------|-----------|
| Class Cost of Service - Demand/Commodity Study           |  |             |             |            |         |            |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |             |             |            |         |            |           |
| ALLOCATION OF RESERVE FOR DEPRECIATION                   |  |             |             |            |         |            |           |
| 951  |  |             |             |            |         |            |           |
| 952  | Shared Services General Office:                    |             |             |            |         |            |           |
| 953  | General:   |             |             |            |         |            |           |
| 954  |  |             |             |            |         |            |           |
| 955  |  |             |             |            |         |            |           |
| 956  | 37400 Land & Land Rights                           | 0           |             |            |         |            |           |
| 957  | 39000 Structures & Improvements                    | 83,993      | 48,925      | 21,741     | 191     | 8,881      | 4,175     |
| 958  | 35502 Structures & Improvements                    | 0           |             |            |         |            |           |
| 959  | 37503 Improvements                                 | 0           |             |            |         |            |           |
| 960  | 39004 Air Conditioning Equipment                   | 0           |             |            |         |            |           |
| 961  | 39009 Improvement to Leased Premises               | 402,964     | 287,145     | 127,603    | 1,122   | 52,693     | 24,501    |
| 962  | 39100 Office Furniture & Equipment                 | 343,990     | 200,370     | 89,041     | 783     | 36,669     | 17,097    |
| 963  | 39102 Remittance Processing Equip                  | 309         | 179         | 60         | 1       | 33         | 15        |
| 964  | 39103 Office Machines                              | 152         | 88          | 39         | 0       | 16         | 8         |
| 965  | 39200 Transportation Equipment                     | 5,440       | 3,169       | 1,409      | 12      | 580        | 270       |
| 966  | 39201 Trucks                                       | 0           |             |            |         |            |           |
| 967  | 39202 Trailers                                     | 0           |             |            |         |            |           |
| 968  | 39300 Stores Equipment                             | 40          | 23          | 10         | 0       | 4          | 2         |
| 969  | 39400 Tools, Shop & Garage Equipment               | 11,853      | 6,504       | 3,068      | 27      | 1,285      | 669       |
| 970  | 39600 Power Operated Equipment                     | 580         | 338         | 150        | 1       | 62         | 29        |
| 971  | 39603 Ditchers                                     | 0           |             |            |         |            |           |
| 972  | 39604 Backhoes                                     | 0           |             |            |         |            |           |
| 973  | 39605 Welders                                      | 0           |             |            |         |            |           |
| 974  | 39700 Communication Equipment                      | 75,210      | 43,809      | 19,468     | 171     | 8,024      | 3,738     |
| 975  | 39701 Communication Equipment - Mobile Radios      | 0           |             |            |         |            |           |
| 976  | 39702 Communication Equipment - Fixed Radios       | 0           |             |            |         |            |           |
| 977  | 39705 Communication Equip. - Telemetering          | 0           |             |            |         |            |           |
| 978  | 39900 Miscellaneous Equipment                      | 7,384       | 4,301       | 1,911      | 17      | 789        | 367       |
| 979  | 39909 Other Tangible Property                      | 7,341       | 4,276       | 1,900      | 17      | 783        | 355       |
| 980  | 39901 Other Tangible Property - Servers - HW       | 467,812     | 272,494     | 121,093    | 1,065   | 49,910     | 23,251    |
| 981  | 39902 Other Tangible Property - Servers - SW       | 479,774     | 278,462     | 124,180    | 1,092   | 51,186     | 23,845    |
| 982  | 39903 Other Tangible Property - Network - HW       | 78,255      | 45,582      | 20,256     | 178     | 8,349      | 3,889     |
| 983  | 39904 Other Tang. Property - CPU                   | 902         | 525         | 233        | 2       | 96         | 45        |
| 984  | 39905 Other Tangible Property - MF - Hardware      | 810         | 472         | 210        | 2       | 86         | 40        |
| 985  | 39906 Other Tang. Property - PC Hardware           | 76,640      | 45,897      | 20,356     | 179     | 8,390      | 3,908     |
| 986  | 39907 Other Tang. Property - PC Software           | 29,710      | 17,306      | 7,690      | 69      | 3,170      | 1,477     |
| 987  | 39908 Other Tang. Property - Mainframe SW          | 4,560,788   | 2,656,604   | 1,160,558  | 10,382  | 486,579    | 220,675   |
| 988  | 39909 Other Tang. Property - Application Software  | 57,763      | 33,646      | 14,952     | 131     | 6,163      | 2,871     |
| 989  | 39924 Other Tang. Property - General Startup Costs | 0           |             |            |         |            |           |
| 990  | Retirement Work in Progress                        | 0           |             |            |         |            |           |
| 991  |  |             |             |            |         |            |           |
| 992  | Total General Plant                                | 6,783,719   | 3,951,427   | 1,755,956  | 15,442  | 723,736    | 337,156   |
| 993  |  |             |             |            |         |            |           |
| 994  | Shared Services Customer Support:                  |             |             |            |         |            |           |
| 995  | General:   |             |             |            |         |            |           |
| 996  |  |             |             |            |         |            |           |
| 997  |  |             |             |            |         |            |           |
| 998  | 37400 Land & Land Rights                           | 0           |             |            |         |            |           |
| 999  | 39001 Structures Frame                             | 0           |             |            |         |            |           |
| 1000   | 35502 Structures & Improvements                    | 244,219     | 142,255     | 63,216     | 556     | 26,055     | 12,138    |
| 1001   | 37503 Improvements                                 | 0           |             |            |         |            |           |
| 1002   | 39004 Air Conditioning Equipment                   | 0           |             |            |         |            |           |
| 1003   | 39009 Improvement to Leased Premises               | 217,907     | 126,528     | 58,405     | 496     | 23,248     | 10,630    |
| 1004   | 39100 Office Furniture & Equipment                 | 25,521      | 14,866      | 6,606      | 59      | 2,723      | 1,268     |
| 1005   | 39102 Remittance Processing Equip                  | 0           |             |            |         |            |           |
| 1006   | 39103 Office Machines                              | 10          | 6           | 3          | 0       | 1          | 1         |
| 1007   | 39200 Transportation Equipment                     | 0           |             |            |         |            |           |
| 1008   | 39201 Trucks                                       | 0           |             |            |         |            |           |
| 1009   | 39202 Trailers                                     | 0           |             |            |         |            |           |
| 1010   | 39300 Stores Equipment                             | 0           |             |            |         |            |           |
| 1011   | 39400 Tools, Shop & Garage Equipment               | 0           |             |            |         |            |           |
| 1012   | 39600 Power Operated Equipment                     | 0           |             |            |         |            |           |
| 1013   | 39603 Ditchers                                     | 0           |             |            |         |            |           |
| 1014   | 39604 Backhoes                                     | 0           |             |            |         |            |           |
| 1015   | 39605 Welders                                      | 0           |             |            |         |            |           |
| 1016   | 39700 Communication Equipment                      | (339,726)   | (197,886)   | (87,938)   | (779)   | (36,244)   | (16,885)  |
| 1017   | 39701 Communication Equipment - Mobile Radios      | 0           |             |            |         |            |           |
| 1018   | 39702 Communication Equipment - Fixed Radios       | 0           |             |            |         |            |           |
| 1019   | 39705 Communication Equip. - Telemetering          | 0           |             |            |         |            |           |
| 1020   | 39900 Miscellaneous Equipment                      | 201         | 117         | 52         | 0       | 21         | 10        |
| 1021   | 39909 Other Tangible Property                      | 17,622      | 10,264      | 4,561      | 40      | 1,680      | 876       |
| 1022   | 39901 Other Tangible Property - Servers - HW       | 217,659     | 126,764     | 58,341     | 495     | 23,221     | 10,818    |
| 1023   | 39902 Other Tangible Property - Servers - SW       | 61,188      | 35,641      | 15,839     | 139     | 6,528      | 3,041     |
| 1024   | 39903 Other Tangible Property - Network - HW       | 6,690       | 3,897       | 1,732      | 15      | 714        | 332       |
| 1025   | 39904 Other Tang. Property - CPU                   | 0           |             |            |         |            |           |
| 1026   | 39905 Other Tangible Property - MF - Hardware      | 0           |             |            |         |            |           |
| 1027   | 39906 Other Tang. Property - PC Hardware           | (2,011)     | (1,172)     | (521)      | (5)     | (216)      | (100)     |
| 1028   | 39907 Other Tang. Property - PC Software           | (296)       | (173)       | (77)       | (1)     | (32)       | (15)      |
| 1029   | 39908 Other Tang. Property - Mainframe SW          | 2,859,926   | 1,655,869   | 749,289    | 6,510   | 305,118    | 142,140   |
| 1030   | 39909 Other Tang. Property - Application Software  | 774         | 393         | 174        | 2       | 72         | 33        |
| 1031   | 39924 Other Tang. Property - General Startup Costs | 1,495       | 871         | 387        | 3       | 159        | 74        |
| 1032   | Retirement Work in Progress                        | 462         | 269         | 120        | 1       | 49         | 23        |
| 1033   |  |             |             |            |         |            |           |
| 1034   | Total General Plant                                | 3,311,541   | 1,928,929   | 857,189    | 7,539   | 353,269    | 164,588   |
| 1035   |  |             |             |            |         |            |           |
| 1036   | TOTAL RESERVE FOR DEPRECIATION                     | 179,617,428 | 107,611,723 | 48,527,089 | 333,372 | 16,420,225 | 6,725,020 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |                       |                                    |               |                   |                    |                             |                |                         |  |
|--|-----------------------|------------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|--|
| Class Cost of Service - Demand/Commodity Study           |                       |                                    |               |                   |                    |                             |                |                         |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |                                    |               |                   |                    |                             |                |                         |  |
| ALLOCATION OF OTHER RATE BASE                            |                       |                                    |               |                   |                    |                             |                |                         |  |
| Customer   |                       |                                    |               |                   |                    |                             |                |                         |  |
| Line No.   | Allocation Factor     | Allocation Basis                   | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |  |
| 1  | Rate Base Additions:  |                                    |               |                   |                    |                             |                |                         |  |
| 2  |                       |                                    |               |                   |                    |                             |                |                         |  |
| 3  |                       | 7.2. Allocated O&M Expenses - Cust | (93,720)      | (75,129)          | (17,747)           | (46)                        | (506)          | (291)                   |  |
| 4  |                       | 7.2. Allocated O&M Expenses - Cust | 153,729       | 123,235           | 20,111             | 78                          | 830            | 476                     |  |
| 5  |                       | 7.2. Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 6  |                       | 7.2. Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 7  |                       | 99.0. -                            | 0             |                   |                    |                             |                |                         |  |
| 8  |                       | 7.2. Allocated O&M Expenses - Cust | 26,226        | 20,222            | 4,777              | 13                          | 139            | 76                      |  |
| 9  |                       | 7.2. Allocated O&M Expenses - Cust | 201           | 181               | 38                 | 0                           | 1              | 1                       |  |
| 10   |                       | 7.2. Allocated O&M Expenses - Cust | 172,497       | 139,299           | 32,665             | 66                          | 932            | 536                     |  |
| 11   |                       | 7.2. Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |  |
| 12   |                       | 7.2. Allocated O&M Expenses - Cust | 405,592       | 326,136           | 76,604             | 201                         | 2,181          | 1,280                   |  |
| 13   |                       | 7.2. Allocated O&M Expenses - Cust | 48,888        | 37,695            | 8,891              | 23                          | 253            | 146                     |  |
| 14   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 15   |                       | Total Rate Base Additions          | 710,423       | 569,498           | 134,528            | 352                         | 3,837          | 2,207                   |  |
| 16   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 17   | Rate Base Deductions: |                                    |               |                   |                    |                             |                |                         |  |
| 18   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 19   |                       | 2.0. Bills                         | (1,767,642)   | (1,573,417)       | (192,155)          | (115)                       | (1,239)        | (715)                   |  |
| 20   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 21   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 22   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 23   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |
| 24   |                       | 9.2. Allocated Net Plant - Cust    | (30,972,508)  | (23,384,115)      | (7,189,659)        | (21,947)                    | (239,208)      | (137,582)               |  |
| 25   |                       | 9.2. Allocated Net Plant - Cust    | (54,247)      | (40,956)          | (12,592)           | (38)                        | (419)          | (241)                   |  |
| 26   |                       | 9.2. Allocated Net Plant - Cust    | 9,789,643     | 7,391,140         | 2,272,472          | 6,937                       | 75,608         | 43,488                  |  |
| 27   |                       | 9.2. Allocated Net Plant - Cust    | (659,110)     | (497,625)         | (162,999)          | (467)                       | (5,090)        | (2,928)                 |  |
| 28   |                       | 9.2. Allocated Net Plant - Cust    | (2,267,967)   | (1,712,309)       | (528,464)          | (1,607)                     | (17,516)       | (10,074)                |  |
| 29   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 30   |                       | Total Rate Base Deductions         | (25,991,831)  | (19,817,280)      | (5,601,394)        | (17,237)                    | (187,865)      | (108,054)               |  |
| 31   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 32   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 33   |                       | TOTAL OTHER RB - CUSTOMER          | (25,221,408)  | (19,247,781)      | (5,666,867)        | (16,885)                    | (184,028)      | (105,847)               |  |
| 34   |                       |                                    |               |                   |                    |                             |                |                         |  |
| 35   |                       | 2.0. Bills                         | 0             |                   |                    |                             |                |                         |  |



| Atmos Energy Corporation, Kentucky/Mid-States Division   |                            |                                 |               |                   |                    |                             |                |                         |   |
|--|----------------------------|---------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|---|
| Class Cost of Service - Demand/Commodity Study           |                            |                                 |               |                   |                    |                             |                |                         |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                            |                                 |               |                   |                    |                             |                |                         |   |
| ALLOCATION OF OTHER RATE BASE                            |                            |                                 |               |                   |                    |                             |                |                         |   |
| Demand   |                            |                                 |               |                   |                    |                             |                |                         |   |
| Line No.   | Allocation Factor          | Allocation Basis                | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |   |
| 35   | Rate Base Additions:       |                                 |               |                   |                    |                             |                |                         |   |
| 37   | 7.4                        | Allocated O&M Expenses - Demand | (52,951)      | (28,599)          | (15,957)           | -                           | (8,399)        | -                       | - |
| 38   | 7.4                        | Allocated O&M Expenses - Demand | 86,856        | 46,907            | 26,174             | -                           | 13,776         | -                       | - |
| 39   | 7.4                        | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       | - |
| 40   | 7.4                        | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       | - |
| 41   | 99.0                       | -                               | 0             | -                 | -                  | -                           | -              | -                       | - |
| 42   | 7.4                        | Allocated O&M Expenses - Demand | 14,253        | 7,697             | 4,295              | -                           | 2,261          | -                       | - |
| 43   | 7.4                        | Allocated O&M Expenses - Demand | 114           | 61                | 34                 | -                           | 16             | -                       | - |
| 44   | 7.4                        | Allocated O&M Expenses - Demand | 97,493        | 52,633            | 29,369             | -                           | 15,458         | -                       | - |
| 45   | 7.4                        | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       | - |
| 46   | 7.4                        | Allocated O&M Expenses - Demand | 229,157       | 123,756           | 69,056             | -                           | 36,345         | -                       | - |
| 47   | 7.4                        | Allocated O&M Expenses - Demand | 26,497        | 14,310            | 7,985              | -                           | 4,203          | -                       | - |
| 48   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 49   | Total Rate Base Additions  |                                 | 401,385       | 216,768           | 120,956            | 0                           | 63,862         | 0                       |   |
| 50   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 51   | Rate Base Deductions:      |                                 |               |                   |                    |                             |                |                         |   |
| 52   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 53   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 54   | 99.0                       | -                               | 0             | -                 | -                  | -                           | -              | -                       | - |
| 55   | 99.0                       | -                               | 0             | -                 | -                  | -                           | -              | -                       | - |
| 56   | 99.0                       | -                               | 0             | -                 | -                  | -                           | -              | -                       | - |
| 57   | 99.0                       | -                               | 0             | -                 | -                  | -                           | -              | -                       | - |
| 58   | 9.4                        | Allocated Net Plant - Demand    | (30,670,742)  | (16,563,714)      | (9,242,495)        | -                           | (4,864,533)    | -                       | - |
| 59   | 8.4                        | Allocated Net Plant - Demand    | (53,718)      | (29,011)          | (16,188)           | -                           | (8,520)        | -                       | - |
| 60   | 9.4                        | Allocated Net Plant - Demand    | 9,694,262     | 5,235,390         | 2,921,324          | -                           | 1,537,558      | -                       | - |
| 61   | 9.4                        | Allocated Net Plant - Demand    | (652,889)     | (352,494)         | (196,695)          | -                           | (103,520)      | -                       | - |
| 62   | 9.4                        | Allocated Net Plant - Demand    | (2,245,670)   | (1,212,881)       | (676,783)          | -                           | (358,206)      | -                       | - |
| 63   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 64   | Total Rate Base Deductions |                                 | (23,928,756)  | (12,922,709)      | (7,210,827)        | -                           | (3,795,220)    | -                       | - |
| 65   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 66   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 67   | TOTAL OTHER RB - DEMAND    |                                 | (23,527,371)  | (12,705,941)      | (7,089,871)        | -                           | (3,731,559)    | -                       | - |
| 68   |                            |                                 |               |                   |                    |                             |                |                         |   |
| 69   | 9.0                        | Peak Day                        | 0             | -                 | -                  | -                           | -              | -                       | - |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |                   |                               |               |                   |                    |                             |                |                         |
|--|---|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |   |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |   |                   |                               |               |                   |                    |                             |                |                         |
| Commodity  |   |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   |   | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 69   | Rate Base Additions:                        |                   |                               |               |                   |                    |                             |                |                         |
| 71   | Materials and Supplies - KY Direct          | 7.6               | Allocated O&M Expenses - Comm | (589,131)     | (341,757)         | (224,447)          | (8,000)                     | (7,150)        | (7,777)                 |
| 72   | Materials and Supplies - KY Mid-States GO   | 7.6               | Allocated O&M Expenses - Comm | 968,352       | 600,585           | 368,161            | 13,122                      | 11,728         | 12,756                  |
| 73   | Materials and Supplies - Shared Services GO | 7.6               | Allocated O&M Expenses - Comm | 0             | -                 | -                  | -                           | -              | -                       |
| 74   | Materials and Supplies - Shared Services CS | 7.6               | Allocated O&M Expenses - Comm | 0             | -                 | -                  | -                           | -              | -                       |
| 75   | Gas Storage Inventory                       | 1.0               | Mcf                           | 6,229,573     | 1,859,274         | 1,285,752          | 62,320                      | 1,397,330      | 1,524,897               |
| 76   | Prepayments - KY Direct                     | 7.6               | Allocated O&M Expenses - Comm | 158,572       | 81,958            | 60,413             | 2,153                       | 1,924          | 2,053                   |
| 77   | Prepayments - KY Mid-States GO              | 7.6               | Allocated O&M Expenses - Comm | 1,253         | 753               | 481                | 17                          | 15             | 17                      |
| 78   | Prepayments - Shared Services GO            | 7.6               | Allocated O&M Expenses - Comm | 1,084,328     | 629,029           | 413,168            | 14,724                      | 13,160         | 14,314                  |
| 79   | Prepayments - Shared Services CS            | 7.6               | Allocated O&M Expenses - Comm | 0             | -                 | -                  | -                           | -              | -                       |
| 80   | Cash Working Capital                        | 7.6               | Allocated O&M Expenses - Comm | 2,549,574     | 1,479,019         | 971,338            | 34,621                      | 30,942         | 33,556                  |
| 81   | Regulatory Assets                           | 7.6               | Allocated O&M Expenses - Comm | 294,804       | 171,017           | 112,314            | 4,003                       | 3,578          | 3,892                   |
| 82   | Total Rate Base Additions                   |                   |                               |               |                   |                    |                             |                |                         |
|  |   |                   |                               | 10,695,335    | 4,549,881         | 2,987,119          | 122,961                     | 1,451,528      | 1,583,847               |
| 83   | Rate Base Deductions:                       |                   |                               |               |                   |                    |                             |                |                         |
| 84   |   |                   |                               |               |                   |                    |                             |                |                         |
| 85   |   |                   |                               |               |                   |                    |                             |                |                         |
| 86   |   |                   |                               |               |                   |                    |                             |                |                         |
| 87   |   |                   |                               |               |                   |                    |                             |                |                         |
| 88   | Customer Advances - KY Direct               | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 89   | Customer Advances - KY Mid-States GO        | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 90   | Customer Advances - Shared Services GO      | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 91   | Customer Advances - Shared Services CS      | 99.0              | -                             | 0             | -                 | -                  | -                           | -              | -                       |
| 92   | ADIT - KY Direct                            | 9.6               | Allocated Net Plant - Comm    | (17,723,134)  | (5,570,596)       | (3,695,524)        | (174,179)                   | (3,925,069)    | (4,257,766)             |
| 93   | ADIT - KY Mid-States GO                     | 9.6               | Allocated Net Plant - Comm    | (31,041)      | (8,932)           | (5,473)            | (305)                       | (6,575)        | (7,457)                 |
| 94   | ADIT - Shared Services GO                   | 9.6               | Allocated Net Plant - Comm    | 5,601,844     | 1,782,335         | 1,168,064          | 55,053                      | 1,240,617      | 1,345,774               |
| 95   | ADIT - Shared Services CS                   | 9.6               | Allocated Net Plant - Comm    | (377,157)     | (120,673)         | (78,542)           | (3,707)                     | (53,527)       | (60,807)                |
| 96   | Change in Net Operating Loss Carryforward   | 9.6               | Allocated Net Plant - Comm    | (1,287,779)   | (415,230)         | (270,635)          | (12,754)                    | (287,414)      | (311,776)               |
| 97   |   |                   |                               |               |                   |                    |                             |                |                         |
| 98   | Total Rate Base Deductions                  |                   |                               |               |                   |                    |                             |                |                         |
|  |   |                   |                               | (13,827,287)  | (4,424,086)       | (2,883,181)        | (135,891)                   | (3,052,268)    | (3,321,832)             |
| 99   |   |                   |                               |               |                   |                    |                             |                |                         |
| 100  |   |                   |                               |               |                   |                    |                             |                |                         |
| 101  | TOTAL OTHER RB - COMMODITY                  |                   |                               |               |                   |                    |                             |                |                         |
|  |   |                   |                               | (3,131,932)   | 125,764           | 103,939            | (12,930)                    | (1,610,740)    | (1,737,985)             |
| 102  |   |                   |                               |               |                   |                    |                             |                |                         |
| 103  | Interest on Customer Deposits               | 1.0               | Mcf                           | 0             | -                 | -                  | -                           | -              | -                       |

| Atrios Energy Corporation, Kentucky/Mid-States Division  |                       |   |               |                   |                    |                             |                |                         |
|--|-----------------------|---|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |                       |   |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                       |   |               |                   |                    |                             |                |                         |
| ALLOCATION OF OTHER RATE BASE                            |                       |   |               |                   |                    |                             |                |                         |
| Total Other Rate Base                                    |                       |   |               |                   |                    |                             |                |                         |
| Line No.   | Allocation Factor     | Allocation Basis                            | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 103  | Rate Base Additions:  |   |               |                   |                    |                             |                |                         |
| 105  |                       | Materials and Supplies - KY Direct          | (735,803)     | (445,493)         | (258,151)          | (8,048)                     | (16,054)       | (8,068)                 |
| 106  |                       | Materials and Supplies - KY Mid-States GO   | 1,206,937     | 730,726           | 423,445            | 13,198                      | 26,334         | 13,234                  |
| 107  |                       | Materials and Supplies - Shared Services GO | 0             |                   |                    |                             |                |                         |
| 108  |                       | Materials and Supplies - Shared Services CS | 0             |                   |                    |                             |                |                         |
| 109  |                       | Gas Storage Inventory                       | 6,229,573     | 1,809,274         | 1,285,762          | 62,320                      | 1,397,330      | 1,524,887               |
| 110  |                       | Prepayments - KY Direct                     | 198,051       | 119,808           | 69,485             | 2,166                       | 4,321          | 2,172                   |
| 111  |                       | Prepayments - KY Mid-States GO              | 1,577         | 955               | 533                | 17                          | 34             | 17                      |
| 112  |                       | Prepayments - Shared Services GO            | 1,354,285     | 819,836           | 475,141            | 14,810                      | 29,548         | 14,650                  |
| 113  |                       | Prepayments - Shared Services CS            | 0             |                   |                    |                             |                |                         |
| 114  |                       | Cash Working Capital                        | 3,184,324     | 1,927,811         | 1,117,197          | 34,622                      | 69,478         | 34,916                  |
| 115  |                       | Regulatory Assets                           | 368,189       | 222,922           | 129,180            | 4,029                       | 8,034          | 4,007                   |
| 116  |                       |   |               |                   |                    |                             |                |                         |
| 117  |                       | Total Rate Base Additions                   | 11,807,144    | 5,336,148         | 3,242,603          | 123,313                     | 1,519,026      | 1,586,054               |
| 118  |                       |   |               |                   |                    |                             |                |                         |
| 120  | Rate Base Deductions: |   |               |                   |                    |                             |                |                         |
| 121  |                       |   |               |                   |                    |                             |                |                         |
| 122  |                       | Customer Advances - KY Direct               | (1,767,642)   | (1,573,417)       | (192,155)          | (115)                       | (1,239)        | (715)                   |
| 123  |                       | Customer Advances - KY Mid-States GO        | 0             |                   |                    |                             |                |                         |
| 124  |                       | Customer Advances - Shared Services GO      | 0             |                   |                    |                             |                |                         |
| 125  |                       | Customer Advances - Shared Services CS      | 0             |                   |                    |                             |                |                         |
| 126  |                       | ADIT - KY Direct                            | (79,366,383)  | (45,816,425)      | (20,127,674)       | (196,125)                   | (9,026,810)    | (4,395,348)             |
| 127  |                       | ADIT - KY Mid-States GO                     | (139,007)     | (79,899)          | (55,253)           | (84)                        | (15,814)       | (7,689)                 |
| 128  |                       | ADIT - Shared Services GO                   | 25,085,749    | 14,418,854        | 6,361,859          | 61,950                      | 2,853,783      | 1,369,261               |
| 129  |                       | ADIT - Shared Services CS                   | (1,688,954)   | (970,782)         | (428,326)          | (4,174)                     | (192,137)      | (93,535)                |
| 130  |                       | Change in Net Operating Loss Carryforward   | (5,811,617)   | (3,340,417)       | (1,473,852)        | (14,351)                    | (661,136)      | (321,850)               |
| 131  |                       |   |               |                   |                    |                             |                |                         |
| 132  |                       | Total Rate Base Deductions                  | (63,667,855)  | (37,164,085)      | (16,895,402)       | (193,128)                   | (7,045,353)    | (5,429,686)             |
| 133  |                       |   |               |                   |                    |                             |                |                         |
| 134  |                       |   |               |                   |                    |                             |                |                         |
| 135  |                       | TOTAL OTHER RB                              | (51,860,711)  | (31,827,937)      | (12,652,799)       | (29,815)                    | (5,526,327)    | (1,843,632)             |
| 136  |                       |   |               |                   |                    |                             |                |                         |
| 137  |                       | Interest on Customer Deposits               | 0             |                   |                    |                             |                |                         |

Altoona Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF O&M EXPENSES

| Line No. | Account No. | Customer   | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------|-------------|--|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| 2        |             | Production & Gathering:                            |                   |                  |               |                   |                    |                             |                |                         |
| 3        | 7500        | Operation  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 4        | 7510        | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 5        | 7520        | Maps & Records                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 6        | 7530        | Field Lines Expenses                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 7        | 7540        | Field Compressor Station Expense                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 8        | 7550        | Field Compressor Sta. Fuel & Pwr.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 9        | 7560        | Field Meas. & Regul. Station Exp.                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 10       | 7570        | Purification Expense                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 11       | 7580        | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 12       | 7610        | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 13       | 7620        | Maint. Sup., & Eng.                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 14       | 7630        | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 15       | 7640        | Field Line Maintenance                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 16       | 7650        | Compressor Station Equip. Maint.                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 17       | 7660        | Meas. & Regul. Station Equip Maint                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 18       | 7670        | Purification Equipment Maintenance                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 19       | 7680        | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 20       | 7690        | Gas Processed By Others                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 21       |             | Total Production & Gathering                       |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 22       |             | Other Gas Supply Expenses:                         |                   |                  |               |                   |                    |                             |                |                         |
| 23       |             | Operations   |                   |                  |               |                   |                    |                             |                |                         |
| 24       | 8001        | Intercompany Gas Well-head Purchases               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 25       | 8040        | Natural Gas City Gate Purchases                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 26       | 8045        | Transportation to City Gate                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 27       | 8050        | Transmission Operation supervision and engineering | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 28       | 8051        | Other Gas Purchases / Gas Cost Adjustments         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 29       | 8052        | PGA for Commercial                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 30       | 8053        | PGA for Industrial                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 31       | 8054        | PGA for Public Authority                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 32       | 8057        | PGA for Transportation Sales                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 33       | 8058        | Licensed PGA Costs                                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 34       | 8059        | PGA Offset to Unrecovered Gas Cost                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 35       | 8060        | Exchange Gas                                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 36       | 8061        | Gas Withdrawn From Storage - Debt                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 37       | 8082        | Gas Delivered to Storage                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 38       | 8120        | Gas Used for Other Utility Operations              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 39       | 8130        | Other Gas Supply Expenses                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 40       |             | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 41       | 8300        | Maint. Of Purch. Gas Meas. Sta.                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 42       |             | Total Other Gas Supply Expenses                    |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 43       |             | Underground Storage:                               |                   |                  |               |                   |                    |                             |                |                         |
| 44       |             | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 45       | 8140        | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 46       | 8150        | Maps & Records                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 47       | 8160        | Wells Expense                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 48       | 8170        | Lines Expense                                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 49       | 8180        | Compressor Station Expense                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 50       | 8190        | Compressor Station Fuel & Power                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 51       | 8200        | Meas. & Regul. Station Expenses                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 52       | 8210        | Purification Expenses                              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 53       | 8220        | Exploration & Development                          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 54       | 8230        | Gas Losses   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 55       | 8240        | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 56       | 8250        | Storage Well Royalties                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 57       | 8260        | Rents  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 58       |             | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 59       | 8300        | Maint. Sup., & Eng.                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 60       | 8310        | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 61       | 8320        | Reservoirs & Wells Maintenance                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 62       | 8330        | Line Maintenance                                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 63       | 8340        | Compressor Station Equip Maint                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 64       | 8350        | Meas. & Regul. Station Equip Maint                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 65       | 8360        | Purification Equipment Maintenance                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 66       | 8370        | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 67       |             | Total Underground Storage Expense                  |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 68       |             | Transmission:                                      |                   |                  |               |                   |                    |                             |                |                         |
| 69       |             | Operation  |                   |                  |               |                   |                    |                             |                |                         |
| 70       | 8500        | Op., Sup., & Eng.                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 71       | 8510        | System Control & Load Dispatching                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 72       | 8520        | Communication Systems Expense                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 73       | 8530        | Compressor Station Labor Expense                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 74       | 8540        | Compressor Station Fuel Cost                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 75       | 8550        | Compressor Station Fuel & Power                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 76       | 8560        | Maint. Expense                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 77       | 8570        | Meas. & Regul. Station Expenses                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 78       | 8580        | LDC Payment  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 79       | 8590        | LDC Payment - A&G                                  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 80       | 8600        | Other Expenses                                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 81       | 8610        | Rents  | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 82       |             | Maintenance  |                   |                  |               |                   |                    |                             |                |                         |
| 83       | 8610        | Maint. Sup., & Eng.                                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 84       | 8620        | Structures and Improvements                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 85       | 8630        | Maint.   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 86       | 8640        | Compressor Station Equip Maint                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 87       | 8650        | Meas. & Regul. Station Equip Maint                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 88       | 8660        | Communication Equipment Maintenance                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 89       | 8670        | Other Equipment Maintenance                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 90       |             | Total Transmission Expense                         |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |

| Alton Energy Corporation, Kentucky/Mid-States Division   |   |   |            |            |           |       |         |         |
|--|---|---|------------|------------|-----------|-------|---------|---------|
| Class Cost of Service - Demand/Commodity Study           |   |   |            |            |           |       |         |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |   |            |            |           |       |         |         |
| ALLOCATION OF O&M EXPENSES                               |   |   |            |            |           |       |         |         |
| 83   |   |   |            |            |           |       |         |         |
| 84   | Distribution:   |   |            |            |           |       |         |         |
| 85   | Operations  |   |            |            |           |       |         |         |
| 86   | 8700 - Supervision and Engineering                                    | 10.2 Composite of Accts. 871-879 & 886-893 - Cust                 | 430,848    | 317,795    | 106,823   | 348   | 3,797   | 2,184   |
| 87   | 8710 - Distribution Load Dispatching                                  | 99.0 -  | 0          | -          | -         | -     | -       | -       |
| 88   | 8711 - Objectivation  | 99.0 -  | 0          | -          | -         | -     | -       | -       |
| 89   | 8720 - Composite Station Labor & Expenses                             | 11.2 Composite of Accts. 376 & 380 - Cust                         | 0          | -          | -         | -     | -       | -       |
| 90   | 8740 - Mains & Services   | 14.2 Account 380 - Cust   | 1,106,807  | 986,194    | 120,318   | 72    | 770     | 448     |
| 100  | 8750 - Measuring and Regulating Station Exp. - Gen                    | 11.2 Composite of Accts. 376 & 380 - Cust                         | 0          | -          | -         | -     | -       | -       |
| 101  | 8760 - Measuring and Regulating Station Exp. - Ind.                   | 2.2 Non-Residential Bills   | 32,536     | -          | 32,150    | 19    | 208     | 130     |
| 102  | 8770 - Measuring and Regulating Sta. Exp. - City Gate                 | 11.2 Composite of Accts. 376 & 380 - Cust                         | 0          | -          | -         | -     | -       | -       |
| 103  | 8780 - Meters and House Regulator Expense                             | 13.2 Composite of Accts. 381-383 - Cust                           | 884,900    | 828,809    | 329,222   | 1,461 | 16,942  | 9,167   |
| 104  | 8790 - Customer Initiations Expense                                   | 2.0 Bills   | 689        | 613        | 75        | 0     | 0       | 0       |
| 105  | 8800 - Other Expense  | 10.2 Composite of Accts. 871-879 & 886-893 - Cust                 | 83,931     | 61,893     | 20,805    | 68    | 740     | 425     |
| 106  | 8810 - Rents  | 10.2 Composite of Accts. 871-879 & 886-893 - Cust                 | 163,541    | 120,601    | 40,539    | 132   | 1,441   | 828     |
| 107  | Maintenance   |   |            |            |           |       |         |         |
| 108  | 8850 - Maintenance Supervision and Engineering                        | 10.2 Composite of Accts. 871-879 & 886-893 - Cust                 | 869        | 656        | 220       | 1     | 8       | 5       |
| 109  | 8860 - Maintenance of Structures and Improvements                     | 12.2 Composite of Accts. 374-379 - Cust                           | 0          | -          | -         | -     | -       | -       |
| 110  | 8870 - Maintenance of Mains   | 12.2 Composite of Accts. 374-379 - Cust                           | 0          | -          | -         | -     | -       | -       |
| 111  | 8880 - Maintenance of transformer station equipment                   | 99.0 -  | 0          | -          | -         | -     | -       | -       |
| 112  | 8900 - Maint. of Measuring and Regulating Station Equip. - General    | 12.2 Composite of Accts. 374-379 - Cust                           | 0          | -          | -         | -     | -       | -       |
| 113  | 8910 - Maint. of Measuring and Regulating Station Equip. - Industrial | 2.2 Non-Residential Bills   | 9,735      | -          | 9,628     | 8     | 62      | 38      |
| 114  | 8920 - Maint. of Measuring and Regulating Station Equip. - City Gate  | 12.2 Composite of Accts. 374-379 - Cust                           | 0          | -          | -         | -     | -       | -       |
| 115  | 8930 - Maintenance of Services  | 14.2 Account 380 - Cust   | 3,522      | 3,136      | 383       | 0     | 2       | 1       |
| 116  | 8940 - Maintenance of Meters and House Regulators                     | 13.2 Composite of Accts. 381-383 - Cust                           | 102,292    | 62,821     | 39,209    | 174   | 1,897   | 1,091   |
| 117  | 8950 - Maintenance of Other Equipment                                 | 10.2 Composite of Accts. 871-879 & 886-893 - Cust                 | 27,859     | 20,568     | 5,913     | 23    | 245     | 141     |
| 118  | Total Distribution  |   | 2,850,877  | 2,102,183  | 706,625   | 2,304 | 25,119  | 14,446  |
| 119  | Customer Accounts:  |   |            |            |           |       |         |         |
| 120  | 0010 - Supervision  | 2.0 Bills   | 0          | -          | -         | -     | -       | -       |
| 121  | 0020 - Meter Reading Expense  | 2.0 Bills   | 1,130,016  | 1,005,852  | 122,841   | 74    | 792     | 457     |
| 122  | 0030 - Customer Records and Collection Expenses                       | 2.0 Bills   | 377,024    | 335,597    | 40,385    | 25    | 264     | 153     |
| 123  | 0040 - Uncollectible Accounts   | 2.0 Bills   | 315,428    | 278,598    | 34,072    | 20    | 220     | 127     |
| 124  | 0050 - Miscellaneous Customer Accounts Expenses                       | 2.0 Bills   | 0          | -          | -         | -     | -       | -       |
| 125  | Total Customer Accounts   |   | 1,822,468  | 1,620,436  | 197,603   | 118   | 1,278   | 737     |
| 126  | Customer Service and Information:                                     |   |            |            |           |       |         |         |
| 127  | 0070 - Supervision  | 2.0 Bills   | 0          | -          | -         | -     | -       | -       |
| 128  | 0080 - Customer Assistance Expenses                                   | 2.0 Bills   | 122,578    | 106,495    | 13,269    | 8     | 86      | 50      |
| 129  | 0090 - Informational and Instructional Advertising Expenses           | 2.0 Bills   | 178        | 159        | 18        | 0     | 0       | 0       |
| 130  | 0100 - Miscellaneous Customer Service and Informational Expenses      | 2.0 Bills   | 123,157    | 109,624    | 13,388    | 6     | 86      | 50      |
| 131  | Total Customer Service and Information                                |   | 246,913    | 216,438    | 26,685    | 14    | 172     | 100     |
| 132  | Sales:  |   |            |            |           |       |         |         |
| 133  | 9110 - Supervision  | 2.0 Bills   | 262,261    | 224,843    | 27,423    | 16    | 177     | 102     |
| 134  | 9120 - Demeritizing and Saling Expenses                               | 2.0 Bills   | 54,818     | 48,617     | 6,537     | 4     | 38      | 22      |
| 135  | 9130 - Advertising Expenses   | 2.0 Bills   | 22,474     | 20,004     | 2,443     | 1     | 16      | 9       |
| 136  | 9160 - Miscellaneous Sales Expenses                                   | 2.0 Bills   | (45,790)   | (40,784)   | (4,376)   | (3)   | (32)    | (19)    |
| 137  | Total Sales   |   | 293,763    | 252,680    | 31,027    | 18    | 199     | 115     |
| 138  | Administrative & General:   |   |            |            |           |       |         |         |
| 139  | 0200 - Administrative and General Salaries                            | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | (728,616)  | (581,265)  | (141,371) | (379) | (4,128) | (2,374) |
| 140  | 0210 - Office Supplies and Expenses                                   | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 3,602      | 2,870      | 698       | 2     | 20      | 12      |
| 141  | 0220 - Administrative Expenses Transferred - Customer Support         | 2.0 Bills   | 0          | -          | -         | -     | -       | -       |
| 142  | 0230 - Administrative Expenses Transferred - General                  | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 7,376,933  | 5,878,004  | 1,429,367 | 3,831 | 41,735  | 24,007  |
| 143  | 0240 - Outside Services Employed                                      | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 68,817     | 78,340     | 19,050    | 51    | 658     | 320     |
| 144  | 0240 - Property Insurance   | 9.2 Allocated Net Plant - Cust                                    | 3,183      | 2,463      | 739       | 2     | 25      | 14      |
| 145  | 0250 - Injuries and Damages   | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 112,805    | 89,894     | 21,957    | 89    | 638     | 397     |
| 146  | 0260 - Employee Pensions and Benefits                                 | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 1,160,620  | 916,624    | 222,945   | 597   | 6,519   | 3,745   |
| 147  | 0270 - Franchise Requirements   | 2.0 Bills   | 83         | 74         | 9         | 0     | 0       | 0       |
| 148  | 0280 - Regulatory Commission Expenses                                 | 2.0 Bills   | 278,594    | 247,693    | 30,285    | 18    | 196     | 113     |
| 149  | 0300 - General Advertising Expenses                                   | 2.0 Bills   | 0          | -          | -         | -     | -       | -       |
| 150  | 0302 - Miscellaneous General Expense                                  | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | (12,450)   | (9,920)    | (2,412)   | (6)   | (70)    | (41)    |
| 151  | 0310 - Rents  | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | (6,444)    | (4,338)    | (1,035)   | (3)   | (31)    | (16)    |
| 152  | 0320 - Maintenance  |   |            |            |           |       |         |         |
| 153  | 0320 - Maintenance of General Plant                                   | 17.2 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust | 767        | 611        | 149       | 0     | 4       | 2       |
| 154  | Total AAG   |   | 6,277,303  | 6,621,369  | 1,680,290 | 4,172 | 45,455  | 26,447  |
| 155  | Total O&M Expense - Customer  |   | 13,265,240 | 10,708,013 | 2,628,885 | 6,621 | 72,135  | 41,495  |

Airco Energy Corporation, Kentucky/Mid-States Division  
Class Cost of Service - Demand Curves Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF O&M EXPENSES

| Line No.                   | Acct. No. | Demand  | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
|----------------------------|-----------|---|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Production & Gathering:    |           |   |                   |                  |               |                   |                    |                             |                |                         |
| Operation                  |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 163                        |           |   | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 164                        | 7500      | Op., Sup., & Eng.                                 | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 165                        | 7510      | Production Meter & Records                        | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 166                        | 7530      | Field Lines Expenses                              | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 167                        | 7540      | Field Compressor Station Expense                  | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 168                        | 7550      | Field Compressor Sta. Fuel & Pwr.                 | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 169                        | 7560      | Field Meas. & Regul. Station Exp.                 | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 170                        | 7570      | Purification Expense                              | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 171                        | 7580      | Other Expenses                                    | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 172                        |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 173                        | 7810      | Maint. Sup., & Eng.                               | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 174                        | 7820      | Structures and Improvements                       | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 175                        | 7840      | Field Line Maintenance                            | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 176                        | 7850      | Compressor Station Equip. Maint.                  | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 177                        | 7860      | Meas. & Regul. Station Equip Maint                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 178                        | 7870      | Purification Equipment Maintenance                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 179                        | 7880      | Other Equipment Maintenance                       | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 180                        | 7890      | Gas Processed By Others                           | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 181                        |           | Total Production & Gathering                      |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| Other Gas Supply Expenses: |           |   |                   |                  |               |                   |                    |                             |                |                         |
| Operation                  |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 183                        |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 185                        | 8001      | Intracompany Gas Well-head Purchases              | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 186                        | 8040      | Natural Gas City Gate Purchases                   | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 187                        | 8045      | Transportation to City Gate                       | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 188                        | 8050      | Transmission Operator supervision and engineering | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 189                        | 8091      | Other Gas Purchases / Gas Cost Adjustments        | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 190                        | 8052      | PGA for Commercial                                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 191                        | 8053      | PGA for Industrial                                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 192                        | 8054      | PGA for Public Authority                          | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 193                        | 8057      | PGA for Transportation Sales                      | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 194                        | 8058      | Unbilled PGA Costs                                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 195                        | 8058      | PGA Offset to Unrecovered Gas Cost                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 199                        | 8060      | Exchange Gas                                      | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 197                        | 8081      | Gas Withdrawn from Storage - Debit                | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 198                        | 8082      | Gas Delivered to Storage                          | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 199                        | 8120      | Gas Used for Other Utility Operations             | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 200                        | 8130      | Other Gas Supply Expenses                         | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 201                        |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 202                        | 8350      | Maint. Of Purch. Gas Meas. Sta.                   | 99.0              |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 203                        |           | Total Other Gas Supply Expenses                   |                   |                  | 0             | 0                 | 0                  | 0                           | 0              | 0                       |
| 204                        |           | Underground Storage:                              |                   |                  |               |                   |                    |                             |                |                         |
| Operation                  |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 205                        |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 207                        | 8140      | Op., Sup., & Eng.                                 | 3.0 Peak Day      |                  | (37)          | (20)              | (11)               | -                           | (6)            | -                       |
| 208                        | 8150      | Maps & Records                                    | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 209                        | 8160      | Wells Expense                                     | 3.0 Peak Day      |                  | 46,003        | 24,844            | 13,853             | -                           | 7,296          | -                       |
| 210                        | 8170      | Lines Expense                                     | 3.0 Peak Day      |                  | 18,217        | 9,838             | 5,451              | -                           | 2,859          | -                       |
| 211                        | 8180      | Compressor Station Expense                        | 3.0 Peak Day      |                  | 13,164        | 7,109             | 3,957              | -                           | 2,088          | -                       |
| 212                        | 8190      | Compressor Station Fuel & Power                   | 3.0 Peak Day      |                  | 348           | 188               | 105                | -                           | 55             | -                       |
| 213                        | 8200      | Meas. & Regul. Station Expenses                   | 3.0 Peak Day      |                  | 1,270         | 740               | 415                | -                           | 217            | -                       |
| 214                        | 8210      | Purification Expenses                             | 3.0 Peak Day      |                  | 23,240        | 12,551            | 7,003              | -                           | 3,856          | -                       |
| 215                        | 8220      | Exploration & Development                         | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 216                        | 8230      | Gas Losses  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 217                        | 8240      | Other Expenses                                    | 3.0 Peak Day      |                  | 830           | 345               | 193                | -                           | 101            | -                       |
| 218                        | 8250      | Storage Well Royalties                            | 3.0 Peak Day      |                  | 3,684         | 1,990             | 1,110              | -                           | 584            | -                       |
| 219                        | 8280      | Rents   | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 220                        |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 221                        | 8300      | Maint. Sup., & Eng.                               | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 222                        | 8310      | Structures and Improvements                       | 3.0 Peak Day      |                  | 1,917         | 1,035             | 578                | -                           | 304            | -                       |
| 223                        | 8320      | Reservoirs & Wells Maintenance                    | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 224                        | 8330      | Line Maintenance                                  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 225                        | 8340      | Compressor Station Equip Maint                    | 3.0 Peak Day      |                  | 1,553         | 830               | 468                | -                           | 249            | -                       |
| 226                        | 8350      | Meas. & Regul. Station Equip Maint                | 3.0 Peak Day      |                  | 1,212         | 654               | 365                | -                           | 191            | -                       |
| 227                        | 8360      | Purification Equipment Maintenance                | 3.0 Peak Day      |                  | 30            | 17                | 9                  | -                           | 5              | -                       |
| 228                        | 8370      | Other Equipment Maintenance                       | 3.0 Peak Day      |                  | 64,668        | 34,924            | 19,487             | -                           | 10,267         | -                       |
| 229                        |           | Total Underground Storage Expense                 |                   |                  | 176,103       | 95,104            | 53,068             | 0                           | 27,931         | 0                       |
| 230                        |           | Transmission:                                     |                   |                  |               |                   |                    |                             |                |                         |
| Operation                  |           |   |                   |                  |               |                   |                    |                             |                |                         |
| 232                        | 8500      | Op., Sup., & Eng.                                 | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 234                        | 8510      | System Control & Load Dispatching                 | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 236                        | 8520      | Communication Systems Expense                     | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 238                        | 8530      | Compressor Station Labor Expense                  | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 237                        | 8540      | Compressor Station Fuel Gas                       | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 238                        | 8550      | Compressor Station Fuel & Power                   | 3.0 Peak Day      |                  | 50            | 27                | 16                 | -                           | 8              | -                       |
| 239                        | 8560      | Mains Expense                                     | 3.0 Peak Day      |                  | 307,841       | 169,248           | 92,767             | -                           | 48,825         | -                       |
| 240                        | 8570      | Meas. & Regul. Station Expenses                   | 3.0 Peak Day      |                  | 33,552        | 18,720            | 10,111             | -                           | 5,321          | -                       |
| 241                        | 8580      | LDC Payment                                       | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 242                        | 8590      | LDC Payment - A&G                                 | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 243                        | 8590      | Other Expenses                                    | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 244                        | 8600      | Rents   | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 245                        |           | Maintenance                                       |                   |                  |               |                   |                    |                             |                |                         |
| 246                        | 8610      | Maint. Sup., & Eng.                               | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 247                        | 8620      | Structures and Improvements                       | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 248                        | 8630      | Mains   | 3.0 Peak Day      |                  | 5,910         | 3,192             | 1,781              | -                           | 937            | -                       |
| 249                        | 8640      | Compressor Station Equip Maint                    | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 250                        | 8650      | Meas. & Regul. Station Equip Maint                | 3.0 Peak Day      |                  | 5,802         | 3,133             | 1,748              | -                           | 920            | -                       |
| 251                        | 8660      | Communication Equipment Maintenance               | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 252                        | 8670      | Other Equipment Maintenance                       | 3.0 Peak Day      |                  | 0             | -                 | -                  | -                           | -              | -                       |
| 253                        |           | Total Transmission Expense                        |                   |                  | 353,156       | 190,721           | 106,422            | 0                           | 66,012         | 0                       |

| Iowa Energy Corporation, Kentucky/RM-States Division     |   |   |           |           |           |
|--|---|---|-----------|-----------|-----------|
| Class Cost of Service - Demand/Commodity Study           |   |   |           |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |   |           |           |           |
| ALLOCATION OF O&M EXPENSES                               |   |   |           |           |           |
| 254  | Distribution  |   |           |           |           |
| 256  | Operation   |   |           |           |           |
| 257  | 8700 - Supervision and Engineering                                    | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 390,577   | 210,931   | 117,699   |
| 258  | 8710 - Distribution Load Dispatching                                  | 99.0 -  | 0         | -         | -         |
| 259  | 8711 - Olorization  | 99.0 -  | 0         | -         | -         |
| 259  | 8720 - Compressor Station Labor & Expenses                            | 11.4 Composite of Accts. 376 & 380 - Demand                         | 0         | -         | -         |
| 260  | 8749 - Mains & Services   | 12.4 Composite of Accts. 374-379 - Demand                           | 1,571,095 | 848,469   | 473,443   |
| 261  | 8750 - Measuring and Regulating Station Exp. - Gen                    | 12.4 Composite of Accts. 374-379 - Demand                           | 242,825   | 131,158   | 73,174    |
| 262  | 8760 - Measuring and Regulating Station Exp. - Ind.                   | 99.0 -  | 0         | -         | -         |
| 263  | 8770 - Measuring and Regulating Sta. Exp. - City Gate                 | 12.4 Composite of Accts. 374-379 - Demand                           | 70,947    | 38,215    | 21,380    |
| 264  | 8780 - Meters and House Regulator Expense                             | 13.4 Composite of Accts. 381-383 - Demand                           | 0         | -         | -         |
| 265  | 8790 - Customer Installations Expense                                 | 99.0 -  | 0         | -         | -         |
| 266  | 8800 - Other Expense  | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 76,068    | 41,000    | 22,923    |
| 267  | 8810 - Rents  | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 148,220   | 80,848    | 44,606    |
| 268  | Maintenance   |   |           |           |           |
| 269  | 8850 - Maintenance Supervision and Engineering                        | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 806       | 435       | 243       |
| 270  | 8890 - Maintenance of Structures and Improvements                     | 12.4 Composite of Accts. 374-379 - Demand                           | 13,100    | 7,075     | 3,948     |
| 271  | 8970 - Maintenance of Meters  | 12.4 Composite of Accts. 374-379 - Demand                           | 29,244    | 14,773    | 7,998     |
| 272  | 8990 - Maintenance of compressor station equipment                    | 99.0 -  | 0         | -         | -         |
| 273  | 8900 - Maint. of Measuring and Regulating Station Equip. - General    | 12.4 Composite of Accts. 374-379 - Demand                           | 3,785     | 2,044     | 1,141     |
| 274  | 8910 - Maint. of Measuring and Regulating Station Equip. - Industrial | 99.0 -  | 0         | -         | -         |
| 276  | 8920 - Maint. of Measuring and Regulating Station Equip. - City Gate  | 12.4 Composite of Accts. 374-379 - Demand                           | 14,681    | 7,828     | 4,424     |
| 278  | 8930 - Maintenance of Services  | 14.4 Account 380 - Demand   | 0         | -         | -         |
| 277  | 8940 - Maintenance of Meters and House Regulators                     | 13.4 Composite of Accts. 381-383 - Demand                           | 0         | -         | -         |
| 278  | 8950 - Maintenance of Other Equipment                                 | 10.4 Composite of Accts. 871-879 & 886-893 - Demand                 | 25,276    | 13,650    | 7,817     |
| 279  | Total Distribution  |   | 2,583,624 | 1,395,285 | 776,564   |
| 280  | Customer Accounts   |   |           |           |           |
| 281  | 9010 - Supervision  | 99.0 -  | 0         | -         | -         |
| 283  | 9020 - Meter Reading Expense  | 99.0 -  | 0         | -         | -         |
| 284  | 9030 - Customer Records and Collection Expenses                       | 99.0 -  | 0         | -         | -         |
| 285  | 9040 - Uncollectible Accounts   | 99.0 -  | 0         | -         | -         |
| 286  | 9050 - Miscellaneous Customer Accounts Expenses                       | 99.0 -  | 0         | -         | -         |
| 287  | Total Customer Accounts   |   | 0         | -         | -         |
| 288  | Customer Service and Information                                      |   |           |           |           |
| 290  | 9070 - Supervision  | 99.0 -  | 0         | -         | -         |
| 291  | 9080 - Customer Assistance Expenses                                   | 99.0 -  | 0         | -         | -         |
| 292  | 9090 - Informational and Instructional Advertising Expenses           | 99.0 -  | 0         | -         | -         |
| 293  | 9100 - Miscellaneous Customer Service and Informational Expenses      | 99.0 -  | 0         | -         | -         |
| 294  | Total Customer Service and Information                                |   | 0         | -         | -         |
| 295  | Sales   |   |           |           |           |
| 296  | 9110 - Supervision  | 99.0 -  | 0         | -         | -         |
| 298  | 9120 - Demosntrating and Selling Expenses                             | 99.0 -  | 0         | -         | -         |
| 299  | 9130 - Advertising Expenses   | 99.0 -  | 0         | -         | -         |
| 300  | 9160 - Miscellaneous Sales Expenses                                   | 99.0 -  | 0         | -         | -         |
| 301  | Total Sales   |   | 0         | -         | -         |
| 302  | Administrative & General  |   |           |           |           |
| 304  | Operation   |   |           |           |           |
| 305  | 9200 - Administrative and General Salaries                            | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (404,216) | (218,287) | (121,809) |
| 306  | 9210 - Office Supplies and Expenses                                   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 1,956     | 1,078     | 601       |
| 307  | 9220 - Administrative Expenses Transferred - Customer Support         | 99.0 -  | 0         | -         | -         |
| 308  | 9220 - Administrative Expenses Transferred - General                  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 4,036,860 | 2,207,127 | 1,231,569 |
| 309  | 9230 - Outside Services Employed                                      | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 54,469    | 29,416    | 16,414    |
| 310  | 9240 - Property Insurance   | 9.4 Allocated Net Plant - Demand                                    | 3,152     | 1,702     | 963       |
| 311  | 9250 - Injuries and Damages   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 62,495    | 33,750    | 18,833    |
| 312  | 9260 - Employees Penalties and Benefits                               | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 637,458   | 344,258   | 192,096   |
| 313  | 9270 - Franchise Requirements   | 99.0 -  | 0         | -         | -         |
| 314  | 9280 - Regulatory Committee Expenses                                  | 99.0 -  | 0         | -         | -         |
| 315  | 930.1 - General Advertising Expenses                                  | 99.0 -  | 0         | -         | -         |
| 316  | 930.2 - Miscellaneous General Expense                                 | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (8,897)   | (3,726)   | (2,076)   |
| 317  | 9310 - Rents  | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | (8,819)   | (1,678)   | (906)     |
| 318  | Maintenance   |   |           |           |           |
| 319  | 9320 - Maintenance of General Plant                                   | 17.4 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand | 425       | 229       | 128       |
| 320  | Total A&G   |   | 4,432,781 | 2,383,916 | 1,335,793 |
| 321  |   |   |           |           |           |
| 322  | TOTAL O&M EXPENSE - DEMAND  |   | 7,645,843 | 4,075,629 | 2,273,847 |

Kentucky Natural Gas Company, Kentucky Natural Gas Division  
Class Cost of Service - Demand/Commodity Study  
Forecasted Test Period: Twelve Months Ended May 31, 2017

ALLOCATION OF O&M EXPENSES

| Line No. | Acct. No. | Commodity  | Allocation Factor  | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interjurisdictional | Transport Firm | Transport Interjurisdictional |
|----------|-----------|--|--------------------|------------------|---------------|-------------------|--------------------|-----------------------------------|----------------|-------------------------------|
|          |           |  |                    |                  |               |                   |                    |                                   |                |                               |
| 323      |           | Production & Gathering:                          |                    |                  |               |                   |                    |                                   |                |                               |
| 324      |           | Operation  |                    |                  |               |                   |                    |                                   |                |                               |
| 325      | 7500      | Op. Sup. & Eng.                                  | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 326      | 7810      | Production Maps & Records                        | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 327      | 7830      | Field Lines Expenses                             | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 328      | 7840      | Field Compressor Station Expense                 | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 329      | 7850      | Field Compressor Sta. Fuel & Pwr.                | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 330      | 7860      | Field Meas. & Regul. Station Exp.                | 18.4 Gas Costs     |                  | 104           | 62                | 41                 | 1                                 |                |                               |
| 331      | 7870      | Purification Expense                             | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 332      | 7890      | Other Expenses                                   | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 333      |           | Maintenance                                      |                    |                  |               |                   |                    |                                   |                |                               |
| 334      | 7810      | Maint. Sup. & Eng.                               | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 335      | 7820      | Structures and Improvements                      | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 336      | 7840      | Field Line Maintenance                           | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 337      | 7850      | Compressor Station Equip. Maint.                 | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 338      | 7860      | Meas. & Regul. Station Equip Maint               | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 339      | 7870      | Purification Equipment Maintenance               | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 340      | 7880      | Other Equipment Maintenance                      | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 341      | 7890      | Gas Processed By Others                          | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 342      |           | Total Production & Gathering                     |                    |                  | 104           | 62                | 41                 | 1                                 | 0              | 0                             |
| 343      |           | Other Gas Supply Expenses:                       |                    |                  |               |                   |                    |                                   |                |                               |
| 344      |           | Operation  |                    |                  |               |                   |                    |                                   |                |                               |
| 345      | 8001      | Intercompany Gas Well-head Purchases             | 18.4 Gas Costs     |                  | 1,391,074     | 828,017           | 643,873            | 19,184                            |                |                               |
| 347      | 8049      | Natural Gas City Gate Purchases                  | 18.4 Gas Costs     |                  | 54,820,686    | 32,518,134        | 21,359,153         | 783,299                           |                |                               |
| 348      | 8049      | Transportation to City Gate                      | 18.4 Gas Costs     |                  | 0             |                   |                    |                                   |                |                               |
| 349      | 8050      | Transmission-Operation expansion and engineering | 18.4 Gas Costs     |                  | 16,838        | 9,804             | 6,505              | 229                               |                |                               |
| 350      | 8051      | Other Gas Purchases / Gas Cost Adjustments       | 18.4 Gas Costs     |                  | 50,020,839    | 28,777,841        | 19,559,093         | 689,806                           |                |                               |
| 351      | 8052      | PGA for Commenat                                 | 18.4 Gas Costs     |                  | 24,816,110    | 14,770,244        | 9,701,891          | 342,208                           |                |                               |
| 352      | 8053      | PGA for Industrial                               | 18.4 Gas Costs     |                  | 4,715,343     | 2,808,511         | 1,845,576          | 68,029                            |                |                               |
| 353      | 8054      | PGA for Public Authority                         | 18.4 Gas Costs     |                  | 5,349,939     | 3,183,876         | 2,091,269          | 73,788                            |                |                               |
| 354      | 8057      | PGA for Transportation Sales                     | 18.4 Gas Costs     |                  | 0             |                   |                    |                                   |                |                               |
| 355      | 8058      | Limited PGA Costs                                | 18.4 Gas Costs     |                  | 6,516,159     | 3,283,410         | 2,156,872          | 78,072                            |                |                               |
| 356      | 8059      | PGA Offer to Unserviced Gas Cost                 | 18.4 Gas Costs     |                  | (60,142,158)  | (47,203,473)      | (31,333,464)       | (1,105,221)                       |                |                               |
| 357      | 8060      | Exchange Gas                                     | 18.4 Gas Costs     |                  | (1,334,672)   | (784,445)         | (521,822)          | (18,409)                          |                |                               |
| 358      | 8061      | Gas Withdrawn from Storage - Dabit               | 18.4 Gas Costs     |                  | 29,002,862    | 11,936,430        | 7,920,098          | 275,658                           |                |                               |
| 359      | 8062      | Gas Delivered to Storage                         | 18.4 Gas Costs     |                  | (19,514,589)  | (9,830,070)       | (6,458,709)        | (227,740)                         |                |                               |
| 360      | 8120      | Gas Used for Other Utility Operations            | 18.4 Gas Costs     |                  | (10,859)      | (8,482)           | (4,244)            | (150)                             |                |                               |
| 361      | 8130      | Other Gas Supply Expenses                        | 18.4 Gas Costs     |                  | 21,950,135    | 13,065,004        | 8,581,922          | 302,709                           |                |                               |
| 362      |           | Maintenance                                      |                    |                  |               |                   |                    |                                   |                |                               |
| 363      | 8350      | Maint. Of Pumph. Gas Meas. Sta.                  | 18.4 Gas Costs     |                  | 0             |                   |                    |                                   | 0              | 0                             |
| 364      |           | Total Other Gas Supply Expenses                  |                    |                  | 79,378,177    | 47,248,724        | 31,034,768         | 1,034,665                         | 0              | 0                             |
| 365      |           | Underground Storage:                             |                    |                  |               |                   |                    |                                   |                |                               |
| 366      |           | Operation  |                    |                  |               |                   |                    |                                   |                |                               |
| 367      | 8140      | Op. Sup. & Eng.                                  | 1.5 Winter Volumes |                  | (37)          | (14)              | (5)                | (0)                               | (7)            | (7)                           |
| 368      | 8150      | Maps & Records                                   | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 370      | 8160      | Wells Expense                                    | 1.5 Winter Volumes |                  | 48,003        | 19,011            | 10,659             | 342                               | 8,497          | 8,205                         |
| 371      | 8170      | Lines Expense                                    | 1.5 Winter Volumes |                  | 18,217        | 7,132             | 4,200              | 135                               | 3,361          | 3,289                         |
| 372      | 8180      | Compressor Station Expense                       | 1.5 Winter Volumes |                  | 13,164        | 5,154             | 3,107              | 88                                | 2,428          | 2,276                         |
| 373      | 8190      | Compressor Station Fuel & Power                  | 1.5 Winter Volumes |                  | 246           | 130               | 82                 | 3                                 | 64             | 63                            |
| 374      | 8200      | Meas. & Regul. Station Expenses                  | 1.5 Winter Volumes |                  | 1,370         | 636               | 323                | 10                                | 253            | 247                           |
| 375      | 8210      | Purification Expenses                            | 1.5 Winter Volumes |                  | 23,240        | 9,099             | 5,489              | 173                               | 4,287          | 4,185                         |
| 376      | 8220      | Exploration & Development                        | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 377      | 8230      | Gas Losses                                       | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 378      | 8240      | Other Expenses                                   | 1.5 Winter Volumes |                  | 839           | 230               | 151                | 8                                 | 118            | 115                           |
| 379      | 8250      | Storage Well Royalties                           | 1.5 Winter Volumes |                  | 3,684         | 1,442             | 870                | 27                                | 880            | 865                           |
| 380      | 8260      | Rents  | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 381      |           | Maintenance                                      |                    |                  |               |                   |                    |                                   |                |                               |
| 382      | 8300      | Maint. Sup. & Eng.                               | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 383      | 8310      | Structures and Improvements                      | 1.5 Winter Volumes |                  | 1,917         | 751               | 463                | 14                                | 354            | 349                           |
| 384      | 8320      | Reservoirs & Wells Maintenance                   | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 385      | 8330      | Line Maintenance                                 | 1.5 Winter Volumes |                  | 0             |                   |                    |                                   |                |                               |
| 386      | 8340      | Compressor Station Equip Maint                   | 1.5 Winter Volumes |                  | 1,553         | 608               | 367                | 12                                | 287            | 280                           |
| 387      | 8350      | Meas. & Regul. Station Equip Maint               | 1.5 Winter Volumes |                  | 1,212         | 474               | 285                | 9                                 | 234            | 219                           |
| 388      | 8360      | Purification Equipment Maintenance               | 1.5 Winter Volumes |                  | 124           | 49                | 29                 | 1                                 | 23             | 22                            |
| 389      | 8370      | Other Equipment Maintenance                      | 1.5 Winter Volumes |                  | 64,688        | 25,319            | 16,264             | 481                               | 11,930         | 11,874                        |
| 390      |           | Total Underground Storage Expense                |                    |                  | 178,103       | 69,848            | 41,588             | 1,309                             | 32,488         | 31,791                        |
| 391      |           | Transmission:                                    |                    |                  |               |                   |                    |                                   |                |                               |
| 392      |           | Operation  |                    |                  |               |                   |                    |                                   |                |                               |
| 394      | 8500      | Op. Sup. & Eng.                                  | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 395      | 8510      | System Control & Load Dispatching                | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 396      | 8520      | Communication Systems Expense                    | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 397      | 8530      | Compressor Station Labor Expense                 | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 398      | 8540      | Compressor Station Fuel Gas                      | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 399      | 8550      | Compressor Station Fuel & Power                  | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 400      | 8560      | Maint. Expense                                   | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 401      | 8570      | Meas. & Regul. Station Expenses                  | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 402      | 8580      | LDC Payment                                      | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 403      | 8590      | LDC Payment - AAG                                | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 404      | 8600      | Other Expenses                                   | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 405      | 8600      | Rents  | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 406      |           | Maintenance                                      |                    |                  |               |                   |                    |                                   |                |                               |
| 407      | 8610      | Maint. Sup. & Eng.                               | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 408      | 8620      | Structures and Improvements                      | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 409      | 8630      | Maint.   | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 410      | 8640      | Compressor Station Equip Maint                   | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 411      | 8650      | Meas. & Regul. Station Equip Maint               | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 412      | 8660      | Communication Equipment Maintenance              | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 413      | 8670      | Other Equipment Maintenance                      | 99.0               |                  | 0             |                   |                    |                                   |                |                               |
| 414      |           | Total Transmission Expense                       |                    |                  | 0             | 0                 | 0                  | 0                                 | 0              | 0                             |



| Ariens Energy Corporation, Kentucky/Mid-States Division  |   |   |            |            |            |           |           |           |  |
|--|---|---|------------|------------|------------|-----------|-----------|-----------|--|
| Class Cost of Service - Detailed Commodity Study         |   |   |            |            |            |           |           |           |  |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |   |            |            |            |           |           |           |  |
| ALLOCATION OF O&M EXPENSES                               |   |   |            |            |            |           |           |           |  |
| 416  | Distribution:   |   |            |            |            |           |           |           |  |
| 417  | Operations  |   |            |            |            |           |           |           |  |
| 418  | 7300 : Supervision and Engineering                                    | 10.6 Composite of Accts. 871-879 & 885-893 - Comm                 | 244,815    | 78,997     | 60,529     | 2,449     | 54,914    | 59,927    |  |
| 419  | 8710 : Distribution Load Dispatching                                  | 1.0 Mf  | 1,775      | 558        | 366        | 18        | 398       | 436       |  |
| 420  | 8711 : Odorization  | 1.0 Mf  | 9,754      | 3,068      | 2,013      | 89        | 2,189     | 2,388     |  |
| 421  | 8720 : Compressor Station Labor & Expenses                            | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 421  | 8740 : Maintenance & Services   | 1.0 Mf  | 979,447    | 306,789    | 201,327    | 9,758     | 218,788   | 238,773   |  |
| 422  | 8750 : Measuring and Regulating Station Exp. - Gen                    | 1.0 Mf  | 150,763    | 47,417     | 31,117     | 1,508     | 33,817    | 36,904    |  |
| 423  | 8760 : Measuring and Regulating Station Exp. - Ind.                   | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 424  | 8770 : Measuring and Regulating Sta. Exp. - City Gate                 | 1.0 Mf  | 44,049     | 13,864     | 9,081      | 441       | 9,880     | 10,782    |  |
| 425  | 8780 : Meters and House Regulator Expense                             | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 425  | 8790 : Customer Installations Expense                                 | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 427  | 8800 : Other Expenses   | 10.6 Composite of Accts. 871-879 & 885-893 - Comm                 | 47,680     | 14,996     | 9,841      | 477       | 10,696    | 11,671    |  |
| 428  | 8810 : Rents  | 10.6 Composite of Accts. 871-879 & 885-893 - Comm                 | 92,505     | 29,220     | 19,175     | 926       | 20,839    | 22,742    |  |
| 429  | 8820 : Maintenance  |   |            |            |            |           |           |           |  |
| 430  | 8850 : Maintenance Supervision and Engineering                        | 10.6 Composite of Accts. 871-879 & 885-893 - Comm                 | 505        | 159        | 104        | 5         | 113       | 124       |  |
| 431  | 8860 : Maintenance of Structures and Improvements                     | 12.6 Composite of Accts. 374-379 - Comm                           | 8,124      | 2,558      | 1,679      | 81        | 1,824     | 1,991     |  |
| 432  | 8870 : Maintenance of Meters  | 12.6 Composite of Accts. 374-379 - Comm                           | 19,294     | 5,128      | 3,363      | 163       | 3,855     | 3,988     |  |
| 433  | 8880 : Maintenance of compressor station equipment                    | 1.0 Mf  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 434  | 8900 : Maint. of Measuring and Regulating Station Equip. - General    | 12.6 Composite of Accts. 374-379 - Comm                           | 2,350      | 739        | 485        | 24        | 527       | 576       |  |
| 435  | 8910 : Maint. of Measuring and Regulating Station Equip. - Industrial | 5.0 Direct to Interapplicable Transport                           | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 436  | 8920 : Maint. of Measuring and Regulating Station Equip. - City Gate  | 12.6 Composite of Accts. 374-379 - Comm                           | 9,115      | 2,897      | 1,891      | 91        | 2,044     | 2,231     |  |
| 437  | 8930 : Maintenance of Services  | 14.6 Account 390 - Comm   | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 438  | 8940 : Maintenance of Meters and House Regulators                     | 13.6 Composite of Accts. 361-383 - Comm                           | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 439  | 8950 : Maintenance of Other Equipment                                 | 10.6 Composite of Accts. 871-879 & 885-893 - Comm                 | 15,843     | 4,983      | 3,270      | 158       | 3,554     | 3,878     |  |
| 440  | Total Distribution  |   | 1,619,430  | 509,330    | 334,242    | 16,201    | 363,248   | 396,410   |  |
| 441  | Customer Accounts:  |   |            |            |            |           |           |           |  |
| 442  | 9010 : Supervision  | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 444  | 9020 : Meter Reading Expense  | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 445  | 9030 : Customer Records and Collection Expenses                       | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 446  | 9040 : Uncollectible Accounts   | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 447  | 9050 : Miscellaneous Customer Accounts Expenses                       | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 448  | Total Customer Accounts   |   | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 449  | Customer Service and Information:                                     |   |            |            |            |           |           |           |  |
| 451  | 9070 : Supervision  | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 452  | 9080 : Customer Assistance Expenses                                   | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 453  | 9090 : Informational and Instructional Advertising Expenses           | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 454  | 9100 : Miscellaneous Customer Service and Informational Expenses      | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 455  | Total Customer Service and Information                                |   | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 457  | Sales:  |   |            |            |            |           |           |           |  |
| 458  | 9110 : Supervision  | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 459  | 9120 : Demomarketing and Selling Expenses                             | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 460  | 9150 : Advertising Expenses   | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 461  | 9160 : Miscellaneous Sales Expenses                                   | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 462  | Total Sales   |   | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 463  |   |   |            |            |            |           |           |           |  |
| 464  | Administrative & General:   |   |            |            |            |           |           |           |  |
| 465  | 9200 : Operations   |   |            |            |            |           |           |           |  |
| 466  | 9200 : Administrative and General Salaries                            | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | (253,341)  | (79,689)   | (52,289)   | (2,534)   | (56,829)  | (62,012)  |  |
| 467  | 9210 : Office Supplies and Expenses                                   | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 1,231      | 393        | 258        | 13        | 281       | 306       |  |
| 468  | 9220 : Administrative Expenses Transferred - Customer Support         | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 469  | 9220 : Administrative Expenses Transferred - General                  | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 2,661,446  | 805,621    | 528,676    | 25,624    | 574,539   | 626,987   |  |
| 470  | 9230 : Outside Services Employed                                      | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 34,138     | 10,737     | 7,048      | 342       | 7,657     | 8,356     |  |
| 471  | 9240 : Property Insurance   | 3.6 Allocated Net Plant - Comm                                    | 1,822      | 563        | 389        | 18        | 403       | 438       |  |
| 472  | 9250 : Injuries and Damages   | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 35,169     | 12,519     | 8,094      | 392       | 8,799     | 9,588     |  |
| 473  | 9260 : Employee Pensions and Benefits                                 | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 398,623    | 125,697    | 82,460     | 3,997     | 89,614    | 97,795    |  |
| 474  | 9270 : Franchise Requirements   | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 475  | 9280 : Regulatory Consultation Expenses                               | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 476  | 930.1 : General Advertising Expenses                                  | 89.0  | 0          | 0          | 0          | 0         | 0         | 0         |  |
| 477  | 930.2 : Miscellaneous General Expense                                 | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | (4,323)    | (1,360)    | (897)      | (43)      | (970)     | (1,058)   |  |
| 478  | 9310 : Rents  | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | (1,890)    | (599)      | (399)      | (19)      | (424)     | (463)     |  |
| 479  | Maintenance   |   |            |            |            |           |           |           |  |
| 480  | 9320 : Maintenance of General Plant                                   | 17.6 Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm | 266        | 84         | 56         | 3         | 60        | 65        |  |
| 481  | Total A&G   |   | 2,778,080  | 873,759    | 573,388    | 27,791    | 623,121   | 680,091   |  |
| 482  |   |   |            |            |            |           |           |           |  |
| 483  | TOTAL O&M EXPENSE - COMMODITY   |   | 63,951,874 | 49,700,822 | 31,984,006 | 1,139,986 | 1,018,857 | 1,106,202 |  |

| Alcoa Energy Corporation, Kentucky/Mid-States Division |           | Class Cost of Service - Demand/Commodity Study     |                  | Forecasted Test Period: Twelve Months Ended May 31, 2017 |                   | ALLOCATION OF O&M EXPENSES |                            |                |                        |   |   |
|--|-----------|--|------------------|--|-------------------|----------------------------|----------------------------|----------------|------------------------|---|---|
|  |           | Total O&M Expenses                                 |                  |  |                   |                            |                            |                |                        |   |   |
| Line No.   | Acct. No. | Allocation Factor                                  | Allocation Basis | Total Company  | Residential Sales | Non-Res Sales Firm         | Non-Res Sales Interoplibla | Transport Firm | Transport Interoplibla |   |   |
| <b>Production &amp; Gathering:</b>                     |           |  |                  |  |                   |                            |                            |                |                        |   |   |
| 485  |           | Operation  |                  |  |                   |                            |                            |                |                        |   |   |
| 489  | 7500      | Op., Sup., & Eng.                                  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 487  | 7510      | Production Maps & Records                          |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 488  | 7530      | Field Lines Expenses                               |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 489  | 7540      | Field Compressor Station Expense                   |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 490  | 7550      | Field Compressor Stn. Fuel & Pur.                  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 491  | 7560      | Field Meas. & Regul. Station Exp                   |                  | 104  | 62                | 41                         | 1                          | 0              | 0                      | 0 | 0 |
| 492  | 7570      | Prefabrication Expense                             |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 493  | 7590      | Other Expenses                                     |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 494  |           | Maintenance  |                  |  |                   |                            |                            |                |                        |   |   |
| 495  | 7810      | Maint. Sup., & Eng.                                |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 496  | 7820      | Structures and Improvements                        |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 497  | 7840      | Field Line Maintenance                             |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 498  | 7850      | Compressor Station Equip. Maint.                   |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 499  | 7860      | Meas. & Regul. Station Equip Maint                 |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 500  | 7870      | Purification Equipment Maintenance                 |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 501  | 7880      | Other Equipment Maintenance                        |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 502  | 7890      | Gas Processed By Others                            |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 504  |           | Total Production & Gathering                       |                  | 104  | 62                | 41                         | 1                          | 0              | 0                      | 0 | 0 |
| <b>Other Gas Supply Expenses:</b>                      |           |  |                  |  |                   |                            |                            |                |                        |   |   |
| 506  |           | Operation  |                  |  |                   |                            |                            |                |                        |   |   |
| 507  | 8001      | Intercompany Gas Well-head Purchases               |                  | 1,391,074  | 628,017           | 543,673                    | 19,184                     | 0              | 0                      | 0 | 0 |
| 508  | 8040      | Natural Gas City Gate Purchases                    |                  | 54,830,886   | 32,518,134        | 21,359,163                 | 763,399                    | 0              | 0                      | 0 | 0 |
| 509  | 8045      | Transportation to City Gate                        |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 510  | 8050      | Transmission-Operation supervision and engineering |                  | 18,938   | 9,504             | 6,505                      | 229                        | 0              | 0                      | 0 | 0 |
| 511  | 8051      | Other Gas Purchases / Gas Cost Adjustments         |                  | 50,026,638   | 29,777,641        | 19,559,093                 | 689,906                    | 0              | 0                      | 0 | 0 |
| 512  | 8052      | PGA for Commercial                                 |                  | 24,614,110   | 14,770,246        | 9,701,891                  | 342,235                    | 0              | 0                      | 0 | 0 |
| 513  | 8053      | PGA for Industrial                                 |                  | 4,715,345  | 2,805,741         | 1,845,528                  | 65,098                     | 0              | 0                      | 0 | 0 |
| 514  | 8054      | PGA for Public Authority                           |                  | 5,348,059  | 3,183,875         | 2,081,356                  | 73,768                     | 0              | 0                      | 0 | 0 |
| 515  | 8057      | PGA for Transportation Sales                       |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 516  | 8058      | Landed PGA Costs                                   |                  | (5,516,159)  | (2,283,419)       | (2,156,879)                | (78,072)                   | 0              | 0                      | 0 | 0 |
| 517  | 8059      | PGA Offset to Unrecovered Gas Cost                 |                  | (60,142,156)   | (47,703,473)      | (31,333,464)               | (1,105,221)                | 0              | 0                      | 0 | 0 |
| 518  | 8060      | Exchange Gas                                       |                  | (1,334,672)  | (704,445)         | (621,822)                  | (18,409)                   | 0              | 0                      | 0 | 0 |
| 519  | 8031      | Gas Withdrawn From Storage - Debit                 |                  | 22,022,283   | 11,309,420        | 7,620,599                  | 276,655                    | 0              | 0                      | 0 | 0 |
| 520  | 8082      | Gas Delivered to Storage                           |                  | (16,514,585)   | (8,630,070)       | (6,458,760)                | (227,749)                  | 0              | 0                      | 0 | 0 |
| 521  | 8120      | Gas Used for Other Utility Operations              |                  | (10,856)   | (8,462)           | (4,244)                    | (150)                      | 0              | 0                      | 0 | 0 |
| 522  | 8130      | Other Gas Supply Expenses                          |                  | 21,090,135   | 13,065,204        | 8,581,922                  | 302,709                    | 0              | 0                      | 0 | 0 |
| 523  |           | Maintenance  |                  |  |                   |                            |                            |                |                        |   |   |
| 524  | 8350      | Maint. Of Purch. Gas Meas. Sta.                    |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 525  |           | Total Other Gas Supply Expenses                    |                  | 78,378,177   | 47,248,724        | 31,034,768                 | 1,094,685                  | 0              | 0                      | 0 | 0 |
| 526  |           |  |                  |  |                   |                            |                            |                |                        |   |   |
| <b>Underground Storage:</b>                            |           |  |                  |  |                   |                            |                            |                |                        |   |   |
| 527  |           | Operation  |                  |  |                   |                            |                            |                |                        |   |   |
| 528  | 8140      | Op., Sup., & Eng.                                  |                  | (73)   | (94)              | (20)                       | (9)                        | (13)           | (7)                    |   |   |
| 530  | 8150      | Maps & Records                                     |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 531  | 8160      | Wells Expense                                      |                  | 92,007   | 42,859            | 24,722                     | 342                        | 16,783         | 8,205                  |   |   |
| 532  | 8170      | Lease Expenses                                     |                  | 36,435   | 16,911            | 9,790                      | 105                        | 6,250          | 3,288                  |   |   |
| 533  | 8180      | Compressor Station Expense                         |                  | 26,327   | 12,253            | 7,074                      | 88                         | 4,510          | 2,376                  |   |   |
| 534  | 8190      | Compressor Station Fuel & Power                    |                  | 897  | 324               | 187                        | 3                          | 120            | 63                     |   |   |
| 535  | 8200      | Meas. & Regul. Station Expenses                    |                  | 2,740  | 1,276             | 736                        | 10                         | 470            | 247                    |   |   |
| 536  | 8210      | Purification Expenses                              |                  | 46,480   | 21,649            | 12,489                     | 173                        | 7,573          | 4,195                  |   |   |
| 537  | 8220      | Exploration & Development                          |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 538  | 8230      | Gas Losses   |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 539  | 8240      | Other Expenses                                     |                  | 1,276  | 693               | 343                        | 5                          | 219            | 116                    |   |   |
| 540  | 8250      | Storage Well Royalties                             |                  | 7,268  | 3,432             | 1,980                      | 27                         | 1,264          | 685                    |   |   |
| 541  | 8280      | Rents  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 542  |           | Maintenance  |                  |  |                   |                            |                            |                |                        |   |   |
| 543  | 8300      | Maint. Sup., & Eng.                                |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 544  | 8310      | Structures and Improvements                        |                  | 3,834  | 1,788             | 1,050                      | 14                         | 696            | 346                    |   |   |
| 545  | 8320      | Reservoirs & Wells Maintenance                     |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 546  | 8330      | Line Maintenance                                   |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 547  | 8340      | Compressor Station Equip Maint                     |                  | 3,106  | 1,447             | 838                        | 12                         | 533            | 280                    |   |   |
| 548  | 8350      | Meas. & Regul. Station Equip Maint                 |                  | 2,424  | 1,129             | 651                        | 9                          | 416            | 219                    |   |   |
| 549  | 8359      | Purification Equipment Maintenance                 |                  | 248  | 115               | 67                         | 1                          | 49             | 22                     |   |   |
| 550  | 8370      | Other Equipment Maintenance                        |                  | 129,338  | 60,243            | 34,752                     | 481                        | 23,187         | 11,874                 |   |   |
| 551  |           | Total Underground Storage Expense                  |                  | 362,206  | 164,062           | 94,686                     | 1,209                      | 60,419         | 31,971                 |   |   |
| 552  |           |  |                  |  |                   |                            |                            |                |                        |   |   |
| <b>Transmission:</b>                                   |           |  |                  |  |                   |                            |                            |                |                        |   |   |
| 553  |           | Operation  |                  |  |                   |                            |                            |                |                        |   |   |
| 555  | 8500      | Op., Sup., & Eng.                                  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 556  | 8510      | System Control & Load Dispatching                  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 557  | 8520      | Communication Systems Expense                      |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 558  | 8530      | Compressor Station Labor Expense                   |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 559  | 8540      | Compressor Station Fuel Gas                        |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 560  | 8550      | Compressor Station Fuel & Power                    |                  | 50   | 27                | 16                         | 0                          | 8              | 0                      |   |   |
| 561  | 8560      | Maint. Expense                                     |                  | 307,841  | 166,249           | 92,767                     | 0                          | 48,326         | 0                      |   |   |
| 562  | 8570      | Meas. & Regul. Station Expenses                    |                  | 33,852   | 18,120            | 10,111                     | 0                          | 5,321          | 0                      |   |   |
| 563  | 8580      | LDC Payment  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 564  | 8589      | LDC Payment - ASG                                  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 565  | 8590      | Other Expenses                                     |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 566  | 8600      | Rents  |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 567  |           | Maintenance  |                  |  |                   |                            |                            |                |                        |   |   |
| 568  | 8610      | Maint. Sup., & Eng.                                |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 569  | 8620      | Structures and Improvements                        |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      | 0 | 0 |
| 570  | 8630      | Mains  |                  | 5,810  | 3,192             | 1,781                      | 0                          | 937            | 0                      |   |   |
| 571  | 8640      | Compressor Station Equip Maint                     |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 572  | 8650      | Meas. & Regul. Station Equip Maint                 |                  | 5,802  | 3,133             | 1,748                      | 0                          | 920            | 0                      |   |   |
| 573  | 8660      | Communication Equipment Maintenance                |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 574  | 8670      | Other Equipment Maintenance                        |                  | 0  | 0                 | 0                          | 0                          | 0              | 0                      |   |   |
| 575  |           | Total Transmission Expense                         |                  | 383,156  | 190,721           | 106,422                    | 0                          | 56,012         | 0                      |   |   |

| Algon Energy Corporation, Kentucky/Mid-States Division   |   |             |            |            |           |           |
|--|---|-------------|------------|------------|-----------|-----------|
| Class Cost of Service - Diversified/Commodity Study      |   |             |            |            |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |             |            |            |           |           |
| ALLOCATION OF O&M EXPENSES                               |   |             |            |            |           |           |
| 576  |   |             |            |            |           |           |
| 577  | Distribution:   |             |            |            |           |           |
| 578  | Operations:   |             |            |            |           |           |
| 579  | 8700 - Supervision and Engineering                                    | 1,088,340   | 605,723    | 275,050    | 2,797     | 120,858   |
| 580  | 8710 - Distribution Load Outpacing                                    | 1,776       | 558        | 365        | 18        | 358       |
| 581  | 8711 - Colorization   | 9,764       | 3,068      | 2,018      | 88        | 2,186     |
| 581  | 8720 - Compressor Station Labor & Expenses                            | 0           | 0          | 0          | 0         | 0         |
| 582  | 8740 - Mains & Services   | 3,653,350   | 2,140,452  | 795,083    | 9,830     | 484,768   |
| 583  | 8750 - Measuring and Regulating Station Exp. - Gen                    | 303,588     | 178,554    | 104,291    | 1,808     | 72,330    |
| 584  | 8760 - Measuring and Regulating Station Exp. - Ind.                   | 32,835      | 0          | 32,190     | 19        | 205       |
| 585  | 8770 - Measuring and Regulating Sta. Exp. - City Gate                 | 114,956     | 52,169     | 30,471     | 441       | 21,133    |
| 586  | 8780 - Meters and House Regulator Expense                             | 884,900     | 529,808    | 325,522    | 1,491     | 15,942    |
| 587  | 8790 - Customer Installations Expense                                 | 88          | 613        | 75         | 0         | 0         |
| 588  | 8800 - Other Expenses   | 207,818     | 117,870    | 53,568     | 545       | 23,499    |
| 589  | 8810 - Rents  | 404,667     | 229,857    | 104,379    | 1,062     | 45,780    |
| 590  | Maintenance:  |             |            |            |           |           |
| 591  | 8850 - Maintenance Supervision and Engineering                        | 2,200       | 1,250      | 567        | 6         | 249       |
| 592  | 8860 - Maintenance of Structures and Improvements                     | 21,234      | 9,833      | 5,829      | 81        | 3,502     |
| 593  | 8870 - Maintenance of Mains   | 42,538      | 19,497     | 11,271     | 163       | 7,817     |
| 594  | 8880 - Maintenance of compressor station equipment                    | 0           | 0          | 0          | 0         | 0         |
| 595  | 8900 - Maint. of Measuring and Regulating Station Equip. - General    | 6,135       | 2,783      | 1,629      | 24        | 1,127     |
| 596  | 8910 - Maint. of Measuring and Regulating Station Equip. - Industrial | 9,735       | 0          | 9,829      | 8         | 62        |
| 597  | 8920 - Maint. of Measuring and Regulating Station Equip. - City Gate  | 23,705      | 10,765     | 6,305      | 91        | 4,373     |
| 598  | 8930 - Maintenance of Services  | 3,522       | 3,135      | 383        | 0         | 2         |
| 599  | 8940 - Maintenance of Meters and House Regulators                     | 105,292     | 82,821     | 38,209     | 174       | 1,897     |
| 600  | 8950 - Maintenance of Other Equipment                                 | 69,098      | 39,200     | 17,300     | 181       | 7,388     |
| 601  | Total Distribution  | 7,053,731   | 4,008,797  | 1,819,431  | 18,805    | 798,142   |
| 602  | Customer Accounts:  |             |            |            |           |           |
| 604  | 9010 - Supervision  | 0           | 0          | 0          | 0         | 0         |
| 605  | 9020 - Meter Reading Expense  | 1,130,015   | 1,005,892  | 122,841    | 74        | 792       |
| 606  | 9030 - Customer Records and Collection Expenses                       | 377,024     | 335,597    | 40,995     | 26        | 264       |
| 607  | 9040 - Uncollectible Accounts   | 315,426     | 278,698    | 34,072     | 30        | 220       |
| 608  | 9050 - Miscellaneous Customer Accounts Expenses                       | 0           | 0          | 0          | 0         | 0         |
| 609  | Total Customer Accounts   | 1,822,465   | 1,620,487  | 197,898    | 118       | 1,276     |
| 610  | Customer Service and Information:                                     |             |            |            |           |           |
| 611  | 9070 - Supervision  | 0           | 0          | 0          | 0         | 0         |
| 612  | 9080 - Customer Assistance Expenses                                   | 0           | 0          | 0          | 0         | 0         |
| 614  | 9090 - Informational and Institutional Advertising Expenses           | 122,978     | 109,485    | 13,369     | 8         | 86        |
| 616  | 9100 - Miscellaneous Customer Service and Informational Expenses      | 179         | 159        | 19         | 0         | 0         |
| 617  | Total Customer Service and Information                                | 123,157     | 109,694    | 13,388     | 8         | 86        |
| 618  | Sales:  |             |            |            |           |           |
| 619  | 9110 - Supervision  | 252,281     | 254,543    | 27,423     | 16        | 177       |
| 620  | 9120 - Demonstrating and Selling Expenses                             | 54,618      | 45,617     | 5,537      | 4         | 39        |
| 621  | 9130 - Advertising Expenses   | 22,474      | 20,004     | 2,443      | 1         | 16        |
| 622  | 9160 - Miscellaneous Sales Expenses                                   | (45,796)    | (60,754)   | (4,378)    | (3)       | (32)      |
| 623  | Total Sales   | 283,577     | 259,400    | 30,825     | 18        | 199       |
| 624  | Administrative & General:   |             |            |            |           |           |
| 626  | Operations:   |             |            |            |           |           |
| 627  | 9200 - Administrative and General Salaries                            | (1,287,176) | (879,343)  | (316,466)  | (2,513)   | (125,064) |
| 628  | 9210 - Office Supplies and Expenses                                   | 8,848       | 4,341      | 1,557      | 14        | 617       |
| 629  | 9220 - Administrative Expenses Transferred - Customer Support         | 0           | 0          | 0          | 0         | 0         |
| 630  | 9220 - Administrative Expenses Transferred - General                  | 14,025,277  | 8,890,751  | 3,169,501  | 29,466    | 1,284,477 |
| 631  | 9230 - Outside Services Employed                                      | 165,924     | 118,499    | 42,510     | 309       | 16,853    |
| 632  | 9240 - Property Insurance   | 8,197       | 4,669      | 2,066      | 20        | 93        |
| 633  | 9250 - Injuries and Damages   | 214,469     | 133,554    | 46,774     | 450       | 18,338    |
| 634  | 9260 - Employees Pensions and Benefits                                | 2,187,899   | 1,386,739  | 497,459    | 4,584     | 197,227   |
| 635  | 9270 - Franchise Requirements   | 83          | 74         | 0          | 0         | 0         |
| 636  | 9380 - Regulatory Commission Expenses                                 | 278,504     | 247,983    | 30,236     | 18        | 105       |
| 637  | 930.1 - General Advertising Expenses                                  | 0           | 0          | 0          | 0         | 0         |
| 638  | 930.2 - Miscellaneous General Expense                                 | (23,670)    | (15,004)   | (5,383)    | (80)      | (2,134)   |
| 639  | 9310 - Rents  | (10,359)    | (6,661)    | (2,360)    | (25)      | (805)     |
| 640  | Maintenance:  |             |            |            |           |           |
| 641  | 9320 - Maintenance of General Plant                                   | 1,456       | 924        | 332        | 3         | 191       |
| 642  | Total A&G   | 15,485,214  | 9,888,058  | 3,489,431  | 31,863    | 1,371,534 |
| 643  |   |             |            |            |           |           |
| 644  | TOTAL O&M EXPENSE   | 194,852,708 | 83,481,855 | 39,766,838 | 1,149,608 | 2,287,768 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
|--|-----------|------------------------------------|-------------------|-----------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| Customer   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                    | Allocation Factor | Allocation Basis      | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  |           | Intangible Plant:                  |                   |                       |               |                   |                    |                             |                |                         |
| 2  |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 3  | 30100     | Organization                       | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 4  | 30200     | Franchises & Consents              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 5  | 30300     | Misc Intangible Plant              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 6  |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 7  |           | Total Intangible Plant:            |                   |                       | 0             |                   |                    |                             |                |                         |
| 8  |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 9  |           | Production Plant:                  |                   |                       |               |                   |                    |                             |                |                         |
| 10   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 11   | 32520     | Producing Leaseholds               | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 12   | 32540     | Rights of Ways                     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 13   | 33100     | Production Gas Wells Equipment     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 14   | 33201     | Field Lines                        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 15   | 33202     | Tributary Lines                    | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 16   | 33400     | Field Meas. & Reg. Sta. Equip      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 17   | 33500     | Purification Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 18   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 19   |           | Total Production Plant:            |                   |                       | 0             |                   |                    |                             |                |                         |
| 20   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 21   |           | Storage Plant:                     |                   |                       |               |                   |                    |                             |                |                         |
| 22   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 23   | 35010     | Land                               | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 24   | 35020     | Rights of Way                      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 25   | 35100     | Structures and Improvements        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 26   | 35102     | Compression Station Equipment      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 27   | 35103     | Meas. & Reg. Sta. Structures       | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 28   | 35104     | Other Structures                   | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 29   | 35200     | Wells & Rights of Way              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 30   | 35201     | Well Construction                  | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 31   | 35202     | Well Equipment                     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 32   | 35203     | Cushion Gas                        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 33   | 35210     | Leaseholds                         | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 34   | 35211     | Storage Rights                     | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 35   | 35301     | Field Lines                        | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 36   | 35302     | Tributary Lines                    | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 37   | 35400     | Compressor Station Equipment       | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 38   | 35500     | Meas & Reg. Equipment              | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 39   | 35600     | Purification Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 40   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 41   |           | Total Storage Plant:               |                   |                       | 0             |                   |                    |                             |                |                         |
| 42   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 43   |           | Transmission:                      |                   |                       |               |                   |                    |                             |                |                         |
| 44   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 45   | 36510     | Land & Land Rights                 | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 46   | 36520     | Rights of Way                      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 47   | 36602     | Structures & Improvements          | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 48   | 36603     | Other Structures                   | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 49   | 36700     | Mains Cathodic Protection          | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 50   | 36701     | Mains - Steel                      | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 51   | 36900     | Meas. & Reg. Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 52   | 36901     | Meas. & Reg. Equipment             | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 53   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 54   |           | Total Transmission Plant:          |                   |                       | 0             |                   |                    |                             |                |                         |
| 55   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 56   |           | Distribution:                      |                   |                       |               |                   |                    |                             |                |                         |
| 57   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 58   | 37400     | Land & Land Rights                 | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 59   | 37401     | Land                               | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 60   | 37402     | Land Rights                        | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 61   | 37403     | Land Other                         | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 62   | 37500     | Structures & Improvements          | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 63   | 37501     | Structures & Improvements T.B.     | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 64   | 37502     | Land Rights                        | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 65   | 37503     | Improvements                       | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 66   | 37600     | Mains Cathodic Protection          | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 67   | 37601     | Mains - Steel                      | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 68   | 37602     | Mains - Plastic                    | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 69   | 37800     | Meas & Reg. Sta. Equip - General   | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 70   | 37900     | Meas & Reg. Sta. Equip - City Gate | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 71   | 37905     | Meas & Reg. Sta. Equipment T.B.    | 2.0               | Bills                 | 0             |                   |                    |                             |                |                         |
| 72   | 38000     | Services                           | 2.0               | Bills                 | 4,112,188     | 3,660,331         | 447,022            | 268                         | 2,883          | 1,684                   |
| 73   | 38100     | Meters                             | 4.0               | Meter Investment      | 2,897,270     | 1,731,384         | 1,076,894          | 4,765                       | 52,195         | 30,012                  |
| 74   | 38200     | Meter Installations                | 4.0               | Meter Investment      | 2,133,688     | 1,275,074         | 794,649            | 3,524                       | 38,439         | 22,102                  |
| 75   | 38300     | House Regulators                   | 4.0               | Meter Investment      | 264,822       | 158,255           | 98,615             | 437                         | 4,771          | 2,743                   |
| 76   | 38400     | House Reg. Installations           | 4.0               | Meter Investment      | 3,625         | 2,167             | 1,350              | 6                           | 65             | 38                      |
| 77   | 38500     | Ind. Meas. & Reg. Sta. Equipment   | 2.2               | Non-Residential Bills | 147,374       |                   | 145,804            | 87                          | 940            | 543                     |
| 78   | 39500     | Other Prop. On Cust. Prem          | 99.0              |                       | 0             |                   |                    |                             |                |                         |
| 79   |           |                                    |                   |                       |               |                   |                    |                             |                |                         |
| 80   |           | Total Distribution Plant:          |                   |                       | 9,558,948     | 6,827,211         | 2,585,234          | 9,106                       | 99,294         | 57,102                  |

| Alcoa Energy Corporation, Kentucky/Mid-States Division   |  |      |                              |            |           |           |       |         |        |
|--|--|------|------------------------------|------------|-----------|-----------|-------|---------|--------|
| Class Cost of Service - Demand/Commodity Study           |  |      |                              |            |           |           |       |         |        |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |      |                              |            |           |           |       |         |        |
| ALLOCATION OF DEPRECIATION EXPENSE                       |  |      |                              |            |           |           |       |         |        |
| 81   |  |      |                              |            |           |           |       |         |        |
| 82   | General:   |      |                              |            |           |           |       |         |        |
| 83   |  |      |                              |            |           |           |       |         |        |
| 84   | 38000 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 85   | 38000 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 84,592     | 62,679    | 20,734    | 65    | 707     | 407    |
| 86   | 39001 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 87   | 39002 Improvements                                 | 6.2  | P, S, T & D Plant - Customer | 2,788      | 2,066     | 683       | 2     | 23      | 13     |
| 88   | 39003 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 11,422     | 8,463     | 2,800     | 9     | 96      | 55     |
| 89   | 39004 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 120        | 89        | 29        | 0     | 1       | 1      |
| 90   | 39005 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 89,876     | 74,004    | 24,480    | 77    | 835     | 480    |
| 91   | 39100 Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 55,710     | 41,278    | 13,855    | 43    | 468     | 268    |
| 92   | 39102 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 93   | 39103 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 94   | 39200 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 10,231     | 7,580     | 2,508     | 8     | 86      | 49     |
| 95   | 39201 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 615        | 456       | 151       | 0     | 5       | 3      |
| 96   | 39202 Storage Equipment                            | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 97   | 39300 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 98   | 39400 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 31,161     | 23,089    | 7,636     | 24    | 261     | 150    |
| 99   | 39600 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 100  | 39603 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 79         | 59        | 19        | 0     | 1       | 0      |
| 101  | 39604 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 105        | 78        | 28        | 0     | 1       | 1      |
| 102  | 39605 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 2,772      | 2,054     | 679       | 2     | 23      | 13     |
| 103  | 39700 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 11,554     | 8,561     | 2,832     | 9     | 97      | 56     |
| 104  | 39701 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 105  | 39702 Communication Equip. - Telemetering          | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 106  | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 107  | 39800 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 92,147     | 68,277    | 22,596    | 71    | 770     | 443    |
| 108  | 39900 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 109  | 39901 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 110  | 39902 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 111  | 39903 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 4,057      | 3,006     | 994       | 3     | 34      | 20     |
| 112  | 39904 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 113  | 39905 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 114  | 39906 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 142,281    | 105,401   | 34,867    | 109   | 1,169   | 664    |
| 115  | 39907 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 116  | 39908 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 117  | 39909 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 261,144    | 193,496   | 84,009    | 200   | 2,163   | 1,256  |
| 118  |  |      |                              |            |           |           |       |         |        |
| 119  |  |      |                              |            |           |           |       |         |        |
| 120  | Total General Plant                                |      |                              | 810,624    | 600,636   | 198,690   | 622   | 6,778   | 3,898  |
| 121  |  |      |                              |            |           |           |       |         |        |
| 122  | TOTAL DIRECT DEPRECIATION EXPENSE                  |      |                              | 10,369,572 | 7,427,847 | 2,764,925 | 9,728 | 106,072 | 61,001 |
| 123  |  |      |                              |            |           |           |       |         |        |
| 124  | Kentucky Mid-States General Office:                |      |                              |            |           |           |       |         |        |
| 125  |  |      |                              |            |           |           |       |         |        |
| 126  | Intangible Plant:                                  |      |                              |            |           |           |       |         |        |
| 127  |  |      |                              |            |           |           |       |         |        |
| 128  | 30100 Organization                                 | 99.0 |                              | 0          |           |           |       |         |        |
| 129  | 30200 Franchises & Consents                        | 99.0 |                              | 0          |           |           |       |         |        |
| 130  | 30300 Misc Intangible Plant                        | 99.0 |                              | 0          |           |           |       |         |        |
| 131  |  |      |                              |            |           |           |       |         |        |
| 132  | Total Intangible Plant:                            |      |                              | 0          |           |           |       |         |        |
| 133  |  |      |                              |            |           |           |       |         |        |
| 134  | General:   |      |                              |            |           |           |       |         |        |
| 135  |  |      |                              |            |           |           |       |         |        |
| 136  | 37400 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 137  | 38001 Structures Frame                             | 6.2  | P, S, T & D Plant - Customer | 1,011      | 749       | 249       | 1     | 8       | 5      |
| 138  | 39602 Structures & Improvements                    | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 139  | 39609 Land & Land Rights                           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 140  | 39004 Air Conditioning Equipment                   | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 141  | 39005 Improvement to leased Premises               | 6.2  | P, S, T & D Plant - Customer | 1,611      | 1,193     | 385       | 1     | 13      | 8      |
| 142  | 39100 Office Furniture & Equipment                 | 6.2  | P, S, T & D Plant - Customer | 262        | 194       | 64        | 0     | 2       | 1      |
| 143  | 39102 Remittance Processing Equip                  | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 144  | 39103 Office Machines                              | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 145  | 39200 Transportation Equipment                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 146  | 39201 Trucks                                       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 147  | 39202 Trailers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 148  | 39200 Storage Equipment                            | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 149  | 39400 Tools, Shop & Garage Equipment               | 6.2  | P, S, T & D Plant - Customer | 510        | 376       | 125       | 0     | 4       | 2      |
| 150  | 39600 Power Operated Equipment                     | 6.2  | P, S, T & D Plant - Customer | 2          | 1         | 0         | 0     | 0       | 0      |
| 151  | 39603 Ditchers                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 152  | 39604 Backhoes                                     | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 153  | 39605 Welders                                      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 154  | 39700 Communication Equipment                      | 6.2  | P, S, T & D Plant - Customer | 1,114      | 825       | 273       | 1     | 9       | 5      |
| 155  | 39701 Communication Equipment - Mobile Radios      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 156  | 39702 Communication Equipment - Fixed Radios       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 157  | 39705 Miscellaneous Equipment                      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 158  | 39800 Other Tangible Property                      | 6.2  | P, S, T & D Plant - Customer | 6,437      | 4,770     | 1,578     | 6     | 54      | 31     |
| 159  | 39900 Other Tangible Property - Servers - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 160  | 39901 Other Tangible Property - Servers - SW       | 6.2  | P, S, T & D Plant - Customer | 4,580      | 3,379     | 1,118     | 3     | 38      | 22     |
| 161  | 39902 Other Tangible Property - Network - HW       | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 162  | 39903 Other Tang. Property - CPU                   | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 163  | 39904 Other Tangible Property - MF - Hardware      | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 164  | 39905 Other Tang. Property - PC Hardware           | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 165  | 39906 Other Tang. Property - PC Software           | 6.2  | P, S, T & D Plant - Customer | 1,749      | 1,296     | 429       | 1     | 16      | 8      |
| 166  | 39907 Other Tang. Property - Mainframe SW          | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 167  | 39908 Other Tang. Property - Application Software  | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 168  | 39909 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 169  | 39924 Other Tang. Property - General Startup Costs | 6.2  | P, S, T & D Plant - Customer | 0          |           |           |       |         |        |
| 170  |  |      |                              |            |           |           |       |         |        |
| 171  |  |      |                              |            |           |           |       |         |        |
| 172  | Total General Plant                                |      |                              | 17,258     | 12,786    | 4,229     | 19    | 144     | 83     |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |  |                                  |            |           |           |        |         |        |   |
|--|--|----------------------------------|------------|-----------|-----------|--------|---------|--------|---|
| Class Cost of Service - Demand/Readily Study             |  |                                  |            |           |           |        |         |        |   |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |                                  |            |           |           |        |         |        |   |
| ALLOCATION OF DEPRECIATION EXPENSE                       |  |                                  |            |           |           |        |         |        |   |
| 173  |  |                                  |            |           |           |        |         |        |   |
| 174  | Shared Services General Office:                    |                                  |            |           |           |        |         |        |   |
| 175  |  |                                  |            |           |           |        |         |        |   |
| 176  | General:   |                                  |            |           |           |        |         |        |   |
| 177  |  |                                  |            |           |           |        |         |        |   |
| 178  | 37400 Land & Land Rights                           | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      | - |
| 179  | 39000 Structures & Improvements                    | 6.2 P, S, T & D Plant - Customer | 3,411      | 2,527     | 836       | 3      | 29      | 16     |   |
| 180  | 39902 Structures & Improvements                    | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 181  | 37503 Improvements                                 | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 182  | 39004 Air Conditioning Equipment                   | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 183  | 39009 Improvement to leased Premises               | 6.2 P, S, T & D Plant - Customer | 7,081      | 5,247     | 1,738     | 5      | 59      | 34     |   |
| 184  | 39100 Office Furniture & Equipment                 | 6.2 P, S, T & D Plant - Customer | 10,040     | 7,439     | 2,481     | 8      | 84      | 48     |   |
| 185  | 39102 Remittance Processing Equip                  | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 186  | 39103 Office Machines                              | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 187  | 39200 Transportation Equipment                     | 6.2 P, S, T & D Plant - Customer | 18         | 12        | 4         | 0      | 0       | 0      |   |
| 188  | 39201 Trucks                                       | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 189  | 39202 Trailers                                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 190  | 39300 Stores Equipment                             | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 191  | 39400 Tools, Shop & Garage Equipment               | 6.2 P, S, T & D Plant - Customer | 3,081      | 2,283     | 756       | 2      | 26      | 15     |   |
| 192  | 39600 Power Operated Equipment                     | 6.2 P, S, T & D Plant - Customer | 53         | 40        | 13        | 0      | 0       | 0      |   |
| 193  | 39603 Ditchers                                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 194  | 39604 Backhoes                                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 195  | 39605 Welders                                      | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 196  | 39700 Communication Equipment                      | 6.2 P, S, T & D Plant - Customer | 3,359      | 2,469     | 823       | 3      | 28      | 16     |   |
| 197  | 39701 Communication Equipment - Mobile Radios      | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 198  | 39702 Communication Equipment - Fixed Radios       | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 199  | 39705 Communication Equip. - Telemetering          | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 200  | 39800 Miscellaneous Equipment                      | 6.2 P, S, T & D Plant - Customer | 657        | 487       | 161       | 1      | 5       | 3      |   |
| 201  | 39900 Other Tangible Property                      | 6.2 P, S, T & D Plant - Customer | 494        | 366       | 121       | 0      | 4       | 2      |   |
| 202  | 39901 Other Tangible Property - Servers - HW       | 6.2 P, S, T & D Plant - Customer | 67,165     | 49,767    | 18,483    | 52     | 562     | 323    |   |
| 203  | 39902 Other Tangible Property - Servers - SW       | 6.2 P, S, T & D Plant - Customer | 39,863     | 29,810    | 9,536     | 30     | 325     | 187    |   |
| 204  | 39903 Other Tangible Property - Network - HW       | 6.2 P, S, T & D Plant - Customer | 5,355      | 3,698     | 1,312     | 4      | 45      | 26     |   |
| 205  | 39904 Other Tang. Property - CPU                   | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 206  | 39905 Other Tangible Property - MF - Hardware      | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 207  | 39906 Other Tang. Property - PC Hardware           | 6.2 P, S, T & D Plant - Customer | 5,431      | 4,024     | 1,331     | 4      | 45      | 26     |   |
| 208  | 39907 Other Tang. Property - PC Software           | 6.2 P, S, T & D Plant - Customer | 1,025      | 759       | 251       | 1      | 9       | 5      |   |
| 209  | 39908 Other Tang. Property - Mainframe SW          | 6.2 P, S, T & D Plant - Customer | 180,550    | 133,779   | 44,254    | 138    | 1,510   | 868    |   |
| 210  | 39909 Other Tang. Property - Application Software  | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 211  | 39924 Other Tang. Property - General Startup Costs | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 212  |  |                                  |            |           |           |        |         |        |   |
| 213  |  |                                  |            |           |           |        |         |        |   |
| 214  | Total General Plant                                |                                  | 326,602    | 241,867   | 80,053    | 251    | 2,751   | 1,571  |   |
| 215  |  |                                  |            |           |           |        |         |        |   |
| 216  | Shared Services Customer Support                   |                                  |            |           |           |        |         |        |   |
| 217  |  |                                  |            |           |           |        |         |        |   |
| 218  | General:   |                                  |            |           |           |        |         |        |   |
| 219  |  |                                  |            |           |           |        |         |        |   |
| 220  | 37400 Land & Land Rights                           | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 221  | 39001 Structures & Improvements                    | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 222  | 39002 Structures & Improvements                    | 6.2 P, S, T & D Plant - Customer | 10,501     | 8,003     | 2,647     | 6      | 50      | 52     |   |
| 223  | 37503 Improvements                                 | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 224  | 39004 Air Conditioning Equipment                   | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 225  | 39009 Improvement to leased Premises               | 6.2 P, S, T & D Plant - Customer | 3,418      | 2,533     | 836       | 3      | 29      | 16     |   |
| 226  | 39100 Office Furniture & Equipment                 | 6.2 P, S, T & D Plant - Customer | 2,226      | 1,649     | 546       | 2      | 19      | 11     |   |
| 227  | 39102 Remittance Processing Equip                  | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 228  | 39103 Office Machines                              | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 229  | 39200 Transportation Equipment                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 230  | 39201 Trucks                                       | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 231  | 39202 Trailers                                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 232  | 39300 Stores Equipment                             | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 233  | 39400 Tools, Shop & Garage Equipment               | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 234  | 39600 Power Operated Equipment                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 235  | 39603 Ditchers                                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 236  | 39604 Backhoes                                     | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 237  | 39605 Welders                                      | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 238  | 39700 Communication Equipment                      | 6.2 P, S, T & D Plant - Customer | 2,883      | 2,136     | 707       | 2      | 24      | 14     |   |
| 239  | 39701 Communication Equipment - Mobile Radios      | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 240  | 39702 Communication Equipment - Fixed Radios       | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 241  | 39705 Communication Equip. - Telemetering          | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 242  | 39800 Miscellaneous Equipment                      | 6.2 P, S, T & D Plant - Customer | 80         | 59        | 20        | 0      | 1       | 0      |   |
| 243  | 39900 Other Tangible Property                      | 6.2 P, S, T & D Plant - Customer | 2,066      | 1,531     | 506       | 2      | 17      | 10     |   |
| 244  | 39901 Other Tangible Property - Servers - HW       | 6.2 P, S, T & D Plant - Customer | 10,056     | 14,119    | 4,671     | 15     | 159     | 92     |   |
| 245  | 39902 Other Tangible Property - Servers - SW       | 6.2 P, S, T & D Plant - Customer | 4,014      | 2,974     | 984       | 3      | 34      | 19     |   |
| 246  | 39903 Other Tangible Property - Network - HW       | 6.2 P, S, T & D Plant - Customer | 1,085      | 804       | 266       | 1      | 9       | 5      |   |
| 247  | 39904 Other Tang. Property - CPU                   | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 248  | 39905 Other Tangible Property - MF - Hardware      | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 249  | 39906 Other Tang. Property - PC Hardware           | 6.2 P, S, T & D Plant - Customer | 2,699      | 2,000     | 662       | 2      | 23      | 13     |   |
| 250  | 39907 Other Tang. Property - PC Software           | 6.2 P, S, T & D Plant - Customer | 334        | 248       | 82        | 0      | 3       | 2      |   |
| 251  | 39908 Other Tang. Property - Mainframe SW          | 6.2 P, S, T & D Plant - Customer | 179,858    | 133,267   | 44,085    | 136    | 1,504   | 865    |   |
| 252  | 39909 Other Tang. Property - Application Software  | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 253  | 39924 Other Tang. Property - General Startup Costs | 6.2 P, S, T & D Plant - Customer | 0          | -         | -         | -      | -       | -      |   |
| 254  |  |                                  |            |           |           |        |         |        |   |
| 255  |  |                                  |            |           |           |        |         |        |   |
| 256  | Total General Plant                                |                                  | 228,520    | 165,323   | 68,012    | 175    | 1,911   | 1,093  |   |
| 257  |  |                                  |            |           |           |        |         |        |   |
| 258  | TOTAL DEPRECIATION EXPENSE - CUSTOMER              |                                  | 10,841,949 | 7,851,953 | 2,905,219 | 10,167 | 110,857 | 63,753 |   |

| Amos Energy Corporation, Kentucky/Mid-State Division     |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|-------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Demand   |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                     | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 259  |           | Intangible Plant:                   |                   |                  |               |                   |                    |                             |                |                         |
| 260  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 261  | 30100     | Organization                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 262  | 30200     | Franchises & Consents               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 263  | 30300     | Misc Intangible Plant               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 264  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 265  |           | Total Intangible Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 266  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 267  |           | Production Plant:                   |                   |                  |               |                   |                    |                             |                |                         |
| 268  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 269  | 92520     | Producing Leaseholds                | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 270  | 32540     | Rights of Ways                      | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 271  | 33100     | Production Gas Wells Equipment      | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 272  | 33201     | Field Lines                         | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 273  | 33202     | Tributary Lines                     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 274  | 33400     | Field Meas. & Reg. Sta. Equip       | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 275  | 33500     | Purification Equipment              | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 276  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 277  |           | Total Production Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 278  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 279  |           | Storage Plant:                      |                   |                  |               |                   |                    |                             |                |                         |
| 280  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 281  | 35010     | Land                                | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 282  | 35020     | Rights of Way                       | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 283  | 35100     | Structures and Improvements         | 3.0               | Peak Day         | 150           | 81                | 45                 |                             | 24             |                         |
| 284  | 35102     | Compressor Station Equipment        | 3.0               | Peak Day         | 958           | 521               | 291                |                             | 153            |                         |
| 285  | 35103     | Meas. & Reg. Sta. Structures        | 3.0               | Peak Day         | 106           | 57                | 32                 |                             | 17             |                         |
| 286  | 35104     | Other Structures                    | 3.0               | Peak Day         | 893           | 482               | 269                |                             | 142            |                         |
| 287  | 35200     | Wells & Rights of Way               | 3.0               | Peak Day         | 88,389        | 47,734            | 26,836             |                             | 14,019         |                         |
| 288  | 35201     | Well Construction                   | 3.0               | Peak Day         | 12,635        | 6,932             | 3,868              |                             | 2,039          |                         |
| 289  | 35202     | Well Equipment                      | 3.0               | Peak Day         | 1,994         | 1,044             | 583                |                             | 307            |                         |
| 290  | 35203     | Cushion Gas                         | 3.0               | Peak Day         | 15,253        | 8,236             | 4,697              |                             | 2,419          |                         |
| 291  | 35210     | Leaseholds                          | 3.0               | Peak Day         | 312           | 169               | 94                 |                             | 50             |                         |
| 292  | 35211     | Storage Rights                      | 3.0               | Peak Day         | 249           | 130               | 72                 |                             | 38             |                         |
| 293  | 35301     | Field Lines                         | 3.0               | Peak Day         | 723           | 390               | 216                |                             | 115            |                         |
| 294  | 35302     | Tributary Lines                     | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 295  | 35400     | Compressor Station Equipment        | 3.0               | Peak Day         | 8,311         | 4,488             | 2,504              |                             | 1,318          |                         |
| 296  | 35500     | Meas. & Reg. Equipment              | 3.0               | Peak Day         | 614           | 352               | 185                |                             | 97             |                         |
| 297  | 35600     | Purification Equipment              | 3.0               | Peak Day         | 4,250         | 2,295             | 1,281              |                             | 674            |                         |
| 298  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 299  |           | Total Storage Plant                 |                   |                  | 134,877       | 72,894            | 40,675             |                             | 21,408         |                         |
| 300  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 301  |           | Transmission:                       |                   |                  |               |                   |                    |                             |                |                         |
| 302  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 303  | 36510     | Land & Land Rights                  | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 304  | 36520     | Rights of Way                       | 3.0               | Peak Day         | 11,541        | 6,233             | 3,478              |                             | 1,831          |                         |
| 305  | 36602     | Structures & Improvements           | 3.0               | Peak Day         | 872           | 471               | 263                |                             | 138            |                         |
| 306  | 36603     | Other Structures                    | 3.0               | Peak Day         | 1,083         | 585               | 326                |                             | 172            |                         |
| 307  | 36700     | Mains Cathodic Protection           | 3.0               | Peak Day         | 9,275         | 5,009             | 2,795              |                             | 1,471          |                         |
| 308  | 36701     | Mains - Steel                       | 3.0               | Peak Day         | 524,702       | 285,385           | 158,117            |                             | 83,220         |                         |
| 309  | 36800     | Meas. & Reg. Equipment              | 3.0               | Peak Day         | 13,161        | 7,108             | 3,968              |                             | 2,087          |                         |
| 310  | 36801     | Meas. & Reg. Equipment              | 3.0               | Peak Day         | 48,575        | 26,233            | 14,638             |                             | 7,704          |                         |
| 311  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 312  |           | Total Transmission Plant            |                   |                  | 608,211       | 328,004           | 183,583            |                             | 98,624         |                         |
| 313  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 314  |           | Distribution:                       |                   |                  |               |                   |                    |                             |                |                         |
| 315  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 316  | 37400     | Land & Land Rights                  | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 317  | 37401     | Land                                | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 318  | 37402     | Land Rights                         | 3.0               | Peak Day         | 13,588        | 7,342             | 4,097              |                             | 2,156          |                         |
| 319  | 37403     | Land Other                          | 3.0               | Peak Day         | 0             |                   |                    |                             |                |                         |
| 320  | 37500     | Structures & Improvements           | 3.0               | Peak Day         | 4,272         | 2,307             | 1,287              |                             | 678            |                         |
| 321  | 37501     | Structures & Improvements T.B.      | 3.0               | Peak Day         | 1,269         | 685               | 362                |                             | 201            |                         |
| 322  | 37502     | Land Rights                         | 3.0               | Peak Day         | 588           | 318               | 177                |                             | 93             |                         |
| 323  | 37503     | Improvements                        | 3.0               | Peak Day         | 51            | 27                | 15                 |                             | 8              |                         |
| 324  | 37600     | Mains Cathodic Protection           | 3.0               | Peak Day         | 616,655       | 333,024           | 185,826            |                             | 97,805         |                         |
| 325  | 37601     | Mains - Steel                       | 3.0               | Peak Day         | 1,452,991     | 784,887           | 437,853            |                             | 230,452        |                         |
| 326  | 37602     | Mains - Plastic                     | 3.0               | Peak Day         | 1,261,295     | 681,161           | 380,088            |                             | 200,046        |                         |
| 327  | 37800     | Meas. & Reg. Sta. Equip - General   | 3.0               | Peak Day         | 133,494       | 72,089            | 40,228             |                             | 21,173         |                         |
| 328  | 37800     | Meas. & Reg. Sta. Equip - City Gate | 3.0               | Peak Day         | 55,764        | 30,115            | 16,804             |                             | 8,844          |                         |
| 329  | 37805     | Meas. & Reg. Sta. Equipment T.B.    | 3.0               | Peak Day         | 24,594        | 13,282            | 7,411              |                             | 3,901          |                         |
| 330  | 38000     | Services                            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 331  | 38100     | Meters                              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 332  | 38200     | Water Installations                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 333  | 38300     | House Regulators                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 334  | 38400     | House Reg. Installations            | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 335  | 39500     | Ind. Meas. & Reg. Sta. Equipment    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 336  | 39600     | Other Prop. On Cust. Firm           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 337  |           |                                     |                   |                  |               |                   |                    |                             |                |                         |
| 338  |           | Total Distribution Plant            |                   |                  | 3,584,568     | 1,925,043         | 1,074,167          |                             | 565,358        |                         |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |   |      |                            |           |           |           |         |
|--|---|------|----------------------------|-----------|-----------|-----------|---------|
| Class Cost of Service - Demand/Commodity Study           |   |      |                            |           |           |           |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |      |                            |           |           |           |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |   |      |                            |           |           |           |         |
| 339  |   |      |                            |           |           |           |         |
| 340  | General:  |      |                            |           |           |           |         |
| 341  |   |      |                            |           |           |           |         |
| 342  | 39500: Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 343  | 39000: Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 73,658    | 39,779    | 22,199    | 11,682  |
| 344  | 39001: Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 345  | 39002: Improvements                                 | 6.4  | P, S, T & D Plant - Demand | 2,426     | 1,311     | 732       | 385     |
| 346  | 39003: Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 9,948     | 5,371     | 2,997     | 1,577   |
| 347  | 39004: Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 105       | 57        | 32        | 17      |
| 348  | 39009: Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 86,966    | 46,966    | 26,207    | 13,799  |
| 349  | 39100: Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 48,508    | 28,187    | 14,618    | 7,694   |
| 350  | 39102: Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 351  | 39103: Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 352  | 39200: Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 8,908     | 4,811     | 2,684     | 1,413   |
| 353  | 39201: Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 535       | 289       | 161       | 85      |
| 354  | 39202: Storage Equipment                            | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 355  | 39300: Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 356  | 39400: Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 27,133    | 14,653    | 8,176     | 4,303   |
| 357  | 39600: Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 358  | 39603: Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 69        | 37        | 21        | 11      |
| 359  | 39604: Welders                                      | 6.4  | P, S, T & D Plant - Demand | 91        | 49        | 27        | 14      |
| 360  | 39605: Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 2,414     | 1,303     | 727       | 383     |
| 361  | 39700: Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 10,060    | 5,433     | 3,052     | 1,599   |
| 362  | 39701: Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 363  | 39702: Communication Equip. - Telemetering          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 364  | 39705: Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 365  | 39800: Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 80,236    | 43,332    | 24,179    | 12,726  |
| 366  | 39900: Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 367  | 39901: Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 368  | 39902: Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 369  | 39903: Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 3,583     | 1,908     | 1,065     | 560     |
| 370  | 39904: Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 371  | 39905: Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 372  | 39906: Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 123,863   | 66,862    | 37,326    | 19,645  |
| 373  | 39907: Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 374  | 39908: Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 375  | 39909: Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 227,388   | 122,801   | 68,522    | 36,065  |
| 376  |   |      |                            |           |           |           |         |
| 377  |   |      |                            |           |           |           |         |
| 378  | Total General Plant                                 |      |                            | 705,840   | 381,189   | 212,702   | 111,850 |
| 379  |   |      |                            |           |           |           |         |
| 380  | TOTAL DIRECT DEPRECIATION EXPENSE                   |      |                            | 5,614,696 | 2,708,129 | 1,511,127 | 795,340 |
| 381  |   |      |                            |           |           |           |         |
| 382  | Kentucky Mid-States General Office:                 |      |                            |           |           |           |         |
| 383  |   |      |                            |           |           |           |         |
| 384  | Intangible Plant:                                   |      |                            |           |           |           |         |
| 385  |   |      |                            |           |           |           |         |
| 386  | 30100: Organization                                 | 99.0 |                            | 0         |           |           |         |
| 387  | 30200: Franchises & Consents                        | 99.0 |                            | 0         |           |           |         |
| 388  | 30300: Misc Intangible Plant                        | 99.0 |                            | 0         |           |           |         |
| 389  |   |      |                            |           |           |           |         |
| 390  | Total Intangible Plant                              |      |                            | 0         |           |           |         |
| 391  |   |      |                            |           |           |           |         |
| 392  | General:  |      |                            |           |           |           |         |
| 393  |   |      |                            |           |           |           |         |
| 394  | 37400: Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 395  | 39001: Structures Frame                             | 6.4  | P, S, T & D Plant - Demand | 880       | 475       | 265       | 140     |
| 396  | 39002: Structures & Improvements                    | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 397  | 39003: Land & Land Rights                           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 398  | 39004: Air Conditioning Equipment                   | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 399  | 39006: Improvement to leased Premises               | 6.4  | P, S, T & D Plant - Demand | 1,402     | 767       | 423       | 222     |
| 400  | 39100: Office Furniture & Equipment                 | 6.4  | P, S, T & D Plant - Demand | 228       | 123       | 69        | 36      |
| 401  | 39102: Remittance Processing Equip                  | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 402  | 39103: Office Machines                              | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 403  | 39200: Transportation Equipment                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 404  | 39201: Trucks                                       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 405  | 39202: Trailers                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 406  | 39300: Storage Equipment                            | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 407  | 39400: Tools, Shop & Garage Equipment               | 6.4  | P, S, T & D Plant - Demand | 444       | 240       | 134       | 70      |
| 408  | 39600: Power Operated Equipment                     | 6.4  | P, S, T & D Plant - Demand | 2         | 1         | 1         | 0       |
| 409  | 39603: Ditchers                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 410  | 39604: Backhoes                                     | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 411  | 39605: Welders                                      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 412  | 39700: Communication Equipment                      | 6.4  | P, S, T & D Plant - Demand | 970       | 524       | 292       | 154     |
| 413  | 39701: Communication Equipment - Mobile Radios      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 414  | 39702: Communication Equipment - Fixed Radios       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 415  | 39705: Communication Equip. - Telemetering          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 416  | 39800: Miscellaneous Equipment                      | 6.4  | P, S, T & D Plant - Demand | 5,605     | 3,027     | 1,689     | 889     |
| 417  | 39900: Other Tangible Property                      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 418  | 39901: Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 3,970     | 2,144     | 1,196     | 630     |
| 419  | 39902: Other Tangible Property - Servers - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 420  | 39903: Other Tangible Property - Network - HW       | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 421  | 39904: Other Tang. Property - CPU                   | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 422  | 39905: Other Tangible Property - MF - Hardware      | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 423  | 39906: Other Tang. Property - PC Hardware           | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 424  | 39907: Other Tang. Property - PC Software           | 6.4  | P, S, T & D Plant - Demand | 1,523     | 823       | 459       | 242     |
| 425  | 39908: Other Tang. Property - Mainframe SW          | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 426  | 39909: Other Tang. Property - Application Software  | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 427  | 39924: Other Tang. Property - General Startup Costs | 6.4  | P, S, T & D Plant - Demand | 0         |           |           |         |
| 428  |   |      |                            |           |           |           |         |
| 429  |   |      |                            |           |           |           |         |
| 430  | Total General Plant                                 |      |                            | 15,025    | 8,114     | 4,528     | 2,383   |



| Amos Energy Corporation, Kentucky/Mid-States Division    |   |     |                            |           |           |           |
|--|---|-----|----------------------------|-----------|-----------|-----------|
| Class Cost of Service - Demand/Commodity Study           |   |     |                            |           |           |           |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |     |                            |           |           |           |
| ALLOCATION OF DEPRECIATION EXPENSE                       |   |     |                            |           |           |           |
| 431  |   |     |                            |           |           |           |
| 432  | Shared Services General Office:                     |     |                            |           |           |           |
| 433  | General:  |     |                            |           |           |           |
| 434  | General:  |     |                            |           |           |           |
| 435  |   |     |                            |           |           |           |
| 436  | 57400: Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 437  | 36000: Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 2,970     | 1,604     | 808       |
| 438  | 36502: Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 0         |           | 471       |
| 439  | 37503: Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 440  | 39004: Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 441  | 39009: Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 6,168     | 3,330     | 1,858     |
| 442  | 39100: Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 8,742     | 4,721     | 2,634     |
| 443  | 39102: Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0         |           | 978       |
| 444  | 39103: Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0         |           | 1,967     |
| 445  | 39200: Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 14        | 6         |           |
| 446  | 39201: Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0         |           | 2         |
| 447  | 39202: Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 448  | 39300: Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 449  | 39400: Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 2,683     | 1,449     | 808       |
| 450  | 39600: Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 47        | 25        | 14        |
| 451  | 39603: Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           | 426       |
| 452  | 39604: Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           | 7         |
| 453  | 39605: Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 454  | 39700: Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,929     | 1,580     | 881       |
| 455  | 39701: Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0         |           | 464       |
| 456  | 39702: Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 457  | 39705: Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 458  | 39800: Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 572       | 309       | 172       |
| 459  | 39800: Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 431       | 233       | 130       |
| 460  | 39901: Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 58,483    | 31,584    | 17,624    |
| 461  | 39902: Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 33,856    | 16,294    | 10,203    |
| 462  | 39903: Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 4,662     | 2,518     | 1,405     |
| 463  | 39904: Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0         |           | 739       |
| 464  | 39905: Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 465  | 39906: Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 4,728     | 2,554     | 1,425     |
| 466  | 39907: Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 892       | 482       | 269       |
| 467  | 39909: Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 157,211   | 84,902    | 47,375    |
| 468  | 39909: Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0         |           | 141       |
| 469  | 39924: Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0         |           | 24,935    |
| 470  |   |     |                            |           |           |           |
| 471  |   |     |                            |           |           |           |
| 472  | Total General Plant                                 |     |                            | 284,584   | 159,582   | 85,698    |
| 473  |   |     |                            |           |           | 45,105    |
| 474  | Shared Services Customer Support:                   |     |                            |           |           |           |
| 475  | General:  |     |                            |           |           |           |
| 476  | General:  |     |                            |           |           |           |
| 477  |   |     |                            |           |           |           |
| 478  | 57400: Land & Land Rights                           | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 479  | 36001: Structures Frame                             | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 480  | 36502: Structures & Improvements                    | 6.4 | P, S, T & D Plant - Demand | 9,405     | 5,079     | 2,834     |
| 481  | 37503: Improvements                                 | 6.4 | P, S, T & D Plant - Demand | 0         |           | 1,492     |
| 482  | 39004: Air Conditioning Equipment                   | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 483  | 39009: Improvement to leased Premises               | 6.4 | P, S, T & D Plant - Demand | 2,978     | 1,607     | 897       |
| 484  | 39100: Office Furniture & Equipment                 | 6.4 | P, S, T & D Plant - Demand | 1,938     | 1,047     | 594       |
| 485  | 39102: Remittance Processing Equip                  | 6.4 | P, S, T & D Plant - Demand | 0         |           | 307       |
| 486  | 39103: Office Machines                              | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 487  | 39200: Transportation Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 488  | 39201: Trucks                                       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 489  | 39202: Trailers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 490  | 39300: Stores Equipment                             | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 491  | 39400: Tools, Shop & Garage Equipment               | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 492  | 39600: Power Operated Equipment                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 493  | 39603: Ditchers                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 494  | 39604: Backhoes                                     | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 495  | 39605: Welders                                      | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 496  | 39700: Communication Equipment                      | 6.4 | P, S, T & D Plant - Demand | 2,511     | 1,366     | 757       |
| 497  | 39701: Communication Equipment - Mobile Radios      | 6.4 | P, S, T & D Plant - Demand | 0         |           | 398       |
| 498  | 39702: Communication Equipment - Fixed Radios       | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 499  | 39705: Communication Equip. - Telemetering          | 6.4 | P, S, T & D Plant - Demand | 0         |           |           |
| 500  | 39800: Miscellaneous Equipment                      | 6.4 | P, S, T & D Plant - Demand | 69        | 37        | 21        |
| 501  | 39900: Other Tangible Property                      | 6.4 | P, S, T & D Plant - Demand | 1,799     | 972       | 542       |
| 502  | 39901: Other Tangible Property - Servers - HW       | 6.4 | P, S, T & D Plant - Demand | 16,992    | 8,961     | 5,000     |
| 503  | 39902: Other Tangible Property - Servers - SW       | 6.4 | P, S, T & D Plant - Demand | 3,495     | 1,887     | 1,053     |
| 504  | 39903: Other Tangible Property - Network - HW       | 6.4 | P, S, T & D Plant - Demand | 845       | 510       | 285       |
| 505  | 39904: Other Tang. Property - CPU                   | 6.4 | P, S, T & D Plant - Demand | 0         |           | 11        |
| 506  | 39905: Other Tangible Property - MF - Hardware      | 6.4 | P, S, T & D Plant - Demand | 0         |           | 285       |
| 507  | 39906: Other Tang. Property - PC Hardware           | 6.4 | P, S, T & D Plant - Demand | 2,350     | 1,269     | 708       |
| 508  | 39907: Other Tang. Property - PC Software           | 6.4 | P, S, T & D Plant - Demand | 291       | 157       | 88        |
| 509  | 39906: Other Tang. Property - Mainframe SW          | 6.4 | P, S, T & D Plant - Demand | 156,609   | 84,577    | 47,193    |
| 510  | 39909: Other Tang. Property - Application Software  | 6.4 | P, S, T & D Plant - Demand | 0         |           | 373       |
| 511  | 39924: Other Tang. Property - General Startup Costs | 6.4 | P, S, T & D Plant - Demand | 0         |           | 46        |
| 512  |   |     |                            |           |           |           |
| 513  |   |     |                            |           |           |           |
| 514  | Total General Plant                                 |     |                            | 198,961   | 107,459   | 59,962    |
| 515  |   |     |                            |           |           | 31,559    |
| 516  | TOTAL DEPRECIATION EXPENSE - DEMAND                 |     |                            | 5,512,986 | 2,977,285 | 1,681,314 |
|  |   |     |                            |           |           | 0         |
|  |   |     |                            |           |           | 874,387   |
|  |   |     |                            |           |           | 0         |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Commodity  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                    | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 517  |           | Intangible Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 518  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 519  | 30100     | Organization                       | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 520  | 30200     | Franchises & Consents              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 521  | 30300     | Misc Intangible Plant              | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 522  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 523  |           | Total Intangible Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 524  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 525  |           | Production Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 526  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 527  | 32520     | Producing Leaseholds               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 528  | 32540     | Rights of Ways                     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 529  | 33100     | Production Gas Wells Equipment     | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 530  | 33201     | Field Lines                        | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 531  | 33202     | Tributary Lines                    | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 532  | 33400     | Field Meas. & Reg. Sta. Equip      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 533  | 33600     | Purification Equipment             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 534  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 535  |           | Total Production Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 536  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 537  |           | Storage Plant                      |                   |                  |               |                   |                    |                             |                |                         |
| 538  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 539  | 35010     | Land                               | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 540  | 35020     | Rights of Way                      | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 541  | 35100     | Structures and Improvements        | 1.5               | Winter Volumes   | 150           | 59                | 35                 | 1                           | 28             | 27                      |
| 542  | 35102     | Compression Station Equipment      | 1.5               | Winter Volumes   | 988           | 378               | 228                | 7                           | 178            | 174                     |
| 543  | 35103     | Meas. & Reg. Sta. Structures       | 1.5               | Winter Volumes   | 108           | 42                | 25                 | 1                           | 20             | 19                      |
| 544  | 35104     | Other Structures                   | 1.5               | Winter Volumes   | 833           | 350               | 211                | 7                           | 165            | 161                     |
| 545  | 35200     | Wells & Rights of Way              | 1.5               | Winter Volumes   | 89,389        | 34,606            | 20,833             | 657                         | 16,308         | 15,856                  |
| 546  | 35201     | Well Construction                  | 1.5               | Winter Volumes   | 12,835        | 5,025             | 3,030              | 95                          | 2,589          | 2,317                   |
| 547  | 35202     | Well Equipment                     | 1.5               | Winter Volumes   | 1,934         | 757               | 458                | 14                          | 357            | 349                     |
| 548  | 35203     | Cushion Gas                        | 1.5               | Winter Volumes   | 15,253        | 5,972             | 3,600              | 113                         | 2,814          | 2,754                   |
| 549  | 35210     | Leaseholds                         | 1.5               | Winter Volumes   | 312           | 122               | 74                 | 2                           | 58             | 56                      |
| 550  | 35211     | Storage Rights                     | 1.5               | Winter Volumes   | 240           | 84                | 57                 | 2                           | 44             | 43                      |
| 551  | 35301     | Field Lines                        | 1.5               | Winter Volumes   | 723           | 283               | 171                | 5                           | 133            | 131                     |
| 552  | 35302     | Tributary Lines                    | 1.5               | Winter Volumes   | 0             |                   |                    |                             |                |                         |
| 553  | 35400     | Compressor Station Equipment       | 1.5               | Winter Volumes   | 8,311         | 3,254             | 1,962              | 62                          | 1,533          | 1,500                   |
| 554  | 35500     | Meas. & Reg. Equipment             | 1.5               | Winter Volumes   | 614           | 240               | 145                | 5                           | 113            | 111                     |
| 555  | 35600     | Purification Equipment             | 1.5               | Winter Volumes   | 4,250         | 1,684             | 1,003              | 32                          | 784            | 767                     |
| 556  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 557  |           | Total Storage Plant                |                   |                  | 134,977       | 52,848            | 31,680             | 1,003                       | 24,301         | 24,267                  |
| 558  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 559  |           | Transmission                       |                   |                  |               |                   |                    |                             |                |                         |
| 560  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 561  | 36510     | Land & Land Rights                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 562  | 36520     | Rights of Way                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 563  | 36602     | Structures & Improvements          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 564  | 36603     | Other Structures                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 565  | 36700     | Mains Cathodic Protection          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 566  | 36701     | Mains - Steel                      | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 567  | 36900     | Meas. & Reg. Equipment             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 568  | 36901     | Meas. & Reg. Equipment             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 569  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 570  |           | Total Transmission Plant           |                   |                  | 0             |                   |                    |                             |                |                         |
| 571  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 572  |           | Distribution                       |                   |                  |               |                   |                    |                             |                |                         |
| 573  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 574  | 37400     | Land & Land Rights                 | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 575  | 37401     | Land                               | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 576  | 37402     | Land Rights                        | 1.0               | Mcf              | 8,441         | 2,655             | 1,742              | 84                          | 1,893          | 2,066                   |
| 577  | 37403     | Land Other                         | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 578  | 37500     | Structures & Improvements          | 1.0               | Mcf              | 2,653         | 834               | 547                | 27                          | 595            | 649                     |
| 579  | 37501     | Structures & Improvements T.B.     | 1.0               | Mcf              | 788           | 249               | 163                | 8                           | 177            | 193                     |
| 580  | 37502     | Land Rights                        | 1.0               | Mcf              | 385           | 115               | 75                 | 4                           | 52             | 66                      |
| 581  | 37503     | Improvements                       | 1.0               | Mcf              | 32            | 10                | 7                  | 0                           | 7              | 8                       |
| 582  | 37600     | Mains Cathodic Protection          | 1.0               | Mcf              | 382,863       | 120,415           | 79,021             | 3,830                       | 85,878         | 83,719                  |
| 583  | 37601     | Mains - Steel                      | 1.0               | Mcf              | 902,119       | 283,727           | 186,193            | 9,025                       | 202,351        | 220,824                 |
| 584  | 37602     | Mains - Plastic                    | 1.0               | Mcf              | 783,101       | 248,284           | 161,628            | 7,834                       | 175,654        | 191,690                 |
| 585  | 37800     | Meas. & Reg. Sta. Equip - General  | 1.0               | Mcf              | 52,892        | 26,068            | 17,107             | 628                         | 18,591         | 20,288                  |
| 586  | 37800     | Meas. & Reg. Sta. Equip - City Gas | 1.0               | Mcf              | 34,622        | 10,889            | 7,145              | 345                         | 7,766          | 8,475                   |
| 587  | 37805     | Meas. & Reg. Sta. Equipment T.B.   | 1.0               | Mcf              | 15,270        | 4,802             | 3,152              | 163                         | 3,425          | 3,738                   |
| 588  | 38000     | Services                           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 589  | 38100     | Meters                             | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 590  | 38200     | Meter Installations                | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 591  | 38300     | House Regulators                   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 592  | 38400     | House Reg. Installations           | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 593  | 38500     | Ind. Meas. & Reg. Sta. Equipment   | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 594  | 38600     | Other Prep. On Cust. Prem          | 99.0              |                  | 0             |                   |                    |                             |                |                         |
| 595  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 596  |           | Total Distribution Plant           |                   |                  | 2,213,135     | 696,057           | 456,780            | 22,140                      | 496,419        | 541,739                 |

| Alamos Energy Corporation, Kentucky/Mid-States Division  |  |      |                               |           |         |         |
|--|--|------|-------------------------------|-----------|---------|---------|
| Class Cost of Service - Demand/Commodity Study           |  |      |                               |           |         |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |  |      |                               |           |         |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |  |      |                               |           |         |         |
| 587  |  |      |                               |           |         |         |
| 588  | General:   |      |                               |           |         |         |
| 589  |  |      |                               |           |         |         |
| 600  | 39000 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 601  | 39000 Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 39,233    | 12,573  | 8,188   |
| 602  | 39001 Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 385     |
| 603  | 39002 Improvements                                 | 6.6  | P, S, T & D Plant - Commodity | 1,293     | 414     | 270     |
| 604  | 39003 Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 5,298     | 1,688   | 1,106   |
| 605  | 39004 Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 56        | 18      | 12      |
| 606  | 39008 Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 46,321    | 14,845  | 9,667   |
| 607  | 39100 Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 25,837    | 8,280   | 5,392   |
| 608  | 39102 Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 253     |
| 609  | 39103 Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 610  | 39200 Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 4,745     | 1,521   | 690     |
| 611  | 39201 Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 285       | 91      | 80      |
| 612  | 39202 Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 3       |
| 613  | 39300 Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 614  | 39400 Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 14,452    | 4,632   | 3,016   |
| 615  | 39600 Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 142     |
| 616  | 39603 Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 37        | 12      | 8       |
| 617  | 39604 Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 49        | 16      | 10      |
| 618  | 39605 Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 1,286     | 412     | 268     |
| 619  | 39703 Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 5,359     | 1,717   | 1,118   |
| 620  | 38701 Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 58      |
| 621  | 39702 Communication Equip. - Telemetering          | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 622  | 39705 Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 623  | 38900 Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 42,737    | 13,696  | 8,919   |
| 624  | 39000 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 419     |
| 625  | 39901 Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 626  | 39902 Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 627  | 39603 Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 1,662     | 603     | 393     |
| 628  | 39904 Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 18      |
| 629  | 39905 Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 416     |
| 630  | 39906 Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 65,974    | 21,143  | 13,768  |
| 631  | 39907 Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 647     |
| 632  | 39908 Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 14,595  |
| 633  | 39909 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 121,115   | 38,815  | 25,276  |
| 634  |  |      |                               |           |         | 1,187   |
| 635  |  |      |                               |           |         | 26,793  |
| 636  |  |      |                               |           |         | 29,044  |
| 637  | Total General Plant                                |      |                               | 375,957   | 120,486 | 78,459  |
| 638  | TOTAL DIRECT DEPRECIATION EXPENSE                  |      |                               | 2,724,069 | 869,369 | 587,088 |
| 639  |  |      |                               |           |         | 26,828  |
| 640  | Kentucky Mid-States General Office:                |      |                               |           |         |         |
| 641  |  |      |                               |           |         |         |
| 642  | Intangible Plant:                                  |      |                               |           |         |         |
| 643  |  |      |                               |           |         |         |
| 644  | 30100 Organization                                 | 99.0 |                               | 0         |         |         |
| 645  | 30200 Franchises & Consents                        | 99.0 |                               | 0         |         |         |
| 646  | 30300 Misc Intangible Plant                        | 99.0 |                               | 0         |         |         |
| 647  |  |      |                               |           |         |         |
| 648  | Total Intangible Plant                             |      |                               | 0         |         |         |
| 649  |  |      |                               |           |         |         |
| 650  | General:   |      |                               |           |         |         |
| 651  |  |      |                               |           |         |         |
| 652  | 37400 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 653  | 39001 Structures Frame                             | 6.6  | P, S, T & D Plant - Commodity | 469       | 150     | 98      |
| 654  | 39002 Structures & Improvements                    | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 5       |
| 655  | 39000 Land & Land Rights                           | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 104     |
| 656  | 39004 Air Conditioning Equipment                   | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 657  | 39009 Improvement to leased Premises               | 6.6  | P, S, T & D Plant - Commodity | 747       | 239     | 156     |
| 658  | 39100 Office Furniture & Equipment                 | 6.6  | P, S, T & D Plant - Commodity | 121       | 39      | 25      |
| 659  | 39102 Remittance Processing Equip                  | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 1       |
| 660  | 39103 Office Machines                              | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 661  | 39200 Transportation Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 662  | 39201 Trucks                                       | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 663  | 39202 Trailers                                     | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 664  | 39300 Stores Equipment                             | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 665  | 39400 Tools, Shop & Garage Equipment               | 6.6  | P, S, T & D Plant - Commodity | 237       | 76      | 49      |
| 666  | 39600 Power Operated Equipment                     | 6.6  | P, S, T & D Plant - Commodity | 1         | 0       | 0       |
| 667  | 39603 Ditchers                                     | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 0       |
| 668  | 39604 Backhoes                                     | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 669  | 39605 Welders                                      | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 670  | 39700 Communication Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 517       | 168     | 108     |
| 671  | 39701 Communication Equipment - Mobile Radios      | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 5       |
| 672  | 38702 Communication Equipment - Fixed Radios       | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 114     |
| 673  | 39705 Communication Equip. - Telemetering          | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 674  | 39600 Miscellaneous Equipment                      | 6.6  | P, S, T & D Plant - Commodity | 2,986     | 957     | 623     |
| 675  | 39000 Other Tangible Property                      | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 29      |
| 676  | 39901 Other Tangible Property - Servers - HW       | 6.6  | P, S, T & D Plant - Commodity | 2,115     | 678     | 441     |
| 677  | 39902 Other Tangible Property - Servers - SW       | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 21      |
| 678  | 39903 Other Tangible Property - Network - HW       | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 679  | 39603 Other Tang. Property - CPU                   | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 680  | 39904 Other Tangible Property - MF - Hardware      | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 681  | 39905 Other Tang. Property - PC Hardware           | 6.6  | P, S, T & D Plant - Commodity | 0         |         |         |
| 682  | 39907 Other Tang. Property - PC Software           | 6.6  | P, S, T & D Plant - Commodity | 811       | 260     | 169     |
| 683  | 39908 Other Tang. Property - Mainframe SW          | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 8       |
| 684  | 39909 Other Tang. Property - Application Software  | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 179     |
| 685  | 39924 Other Tang. Property - General Startup Costs | 6.6  | P, S, T & D Plant - Commodity | 0         |         | 195     |
| 686  |  |      |                               |           |         |         |
| 687  | Total General Plant                                |      |                               | 8,003     | 2,565   | 1,670   |
| 688  |  |      |                               |           |         | 78      |
| 689  |  |      |                               |           |         | 1,770   |
| 690  | Shared Services General Office:                    |      |                               |           |         | 1,919   |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |     |                               |           |         |         |        |         |         |
|--|---|-----|-------------------------------|-----------|---------|---------|--------|---------|---------|
| Class Cost of Service - Demand/Commodity Study           |   |     |                               |           |         |         |        |         |         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |     |                               |           |         |         |        |         |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |   |     |                               |           |         |         |        |         |         |
| 691  |   |     |                               |           |         |         |        |         |         |
| 692  | General:  |     |                               |           |         |         |        |         |         |
| 693  |   |     |                               |           |         |         |        |         |         |
| 694  | 37400: Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 695  | 39000: Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 1,582     | 507     | 390     | 16     | 350     | 379     |
| 696  | 39502: Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 697  | 37503: Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 698  | 39304: Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 699  | 39009: Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 3,284     | 1,053   | 685     | 32     | 727     | 768     |
| 700  | 39100: Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 4,856     | 1,492   | 972     | 46     | 1,030   | 1,117   |
| 701  | 39102: Remittance Processing Equip                  | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 702  | 39103: Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 703  | 39200: Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 8         | 2       | 2       | 0      | 2       | 2       |
| 704  | 39201: Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 705  | 39202: Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 706  | 39300: Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 707  | 39400: Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 1,429     | 459     | 298     | 14     | 316     | 343     |
| 708  | 39600: Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 25        | 8       | 5       | 0      | 5       | 8       |
| 709  | 39603: Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 710  | 39604: Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 711  | 39605: Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 712  | 39700: Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 1,559     | 499     | 325     | 15     | 345     | 374     |
| 713  | 39701: Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 714  | 39702: Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 715  | 39705: Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 716  | 39900: Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 305       | 98      | 64      | 3      | 67      | 73      |
| 717  | 39900: Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 229       | 73      | 48      | 2      | 51      | 55      |
| 718  | 39901: Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 31,151    | 9,983   | 6,501   | 305    | 6,891   | 7,470   |
| 719  | 39902: Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 18,033    | 5,779   | 3,763   | 177    | 3,989   | 4,324   |
| 720  | 39903: Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 2,483     | 796     | 510     | 24     | 549     | 596     |
| 721  | 39904: Other Tangible Property - CPU                | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 722  | 39905: Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 723  | 39906: Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 2,519     | 807     | 526     | 25     | 557     | 604     |
| 724  | 39907: Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 475       | 152     | 99      | 5      | 105     | 114     |
| 725  | 39908: Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 83,737    | 26,836  | 17,475  | 821    | 18,524  | 20,081  |
| 726  | 39909: Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 727  | 39924: Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 728  |   |     |                               |           |         |         |        |         |         |
| 729  |   |     |                               |           |         |         |        |         |         |
| 730  | Total General Plant                                 |     |                               | 151,474   | 48,544  | 31,611  | 1,485  | 33,509  | 36,324  |
| 731  |   |     |                               |           |         |         |        |         |         |
| 732  | Shared Services Customer Support                    |     |                               |           |         |         |        |         |         |
| 733  | General:  |     |                               |           |         |         |        |         |         |
| 734  |   |     |                               |           |         |         |        |         |         |
| 735  |   |     |                               |           |         |         |        |         |         |
| 736  | 37400: Land & Land Rights                           | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 737  | 39001: Structures Frame                             | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 738  | 39602: Structures & Improvements                    | 6.6 | P, S, T & D Plant - Commodity | 5,010     | 1,605   | 1,045   | 49     | 1,108   | 1,201   |
| 739  | 37503: Improvements                                 | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 740  | 39004: Air Conditioning Equipment                   | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 741  | 39009: Improvement to leased Premises               | 6.6 | P, S, T & D Plant - Commodity | 1,585     | 508     | 331     | 16     | 351     | 380     |
| 742  | 39100: Office Furniture & Equipment                 | 6.6 | P, S, T & D Plant - Commodity | 1,032     | 331     | 215     | 10     | 228     | 248     |
| 743  | 39102: Remittance Processing Equip                  | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 744  | 39103: Office Machines                              | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 745  | 39200: Transportation Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 746  | 39201: Trucks                                       | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 747  | 39202: Trailers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 748  | 39300: Stores Equipment                             | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 749  | 39400: Tools, Shop & Garage Equipment               | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 750  | 39600: Power Operated Equipment                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 751  | 39603: Ditchers                                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 752  | 39604: Backhoes                                     | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 753  | 39605: Welders                                      | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 754  | 39700: Communication Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 1,337     | 429     | 270     | 13     | 296     | 321     |
| 755  | 39701: Communication Equipment - Mobile Radios      | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 756  | 39702: Communication Equipment - Fixed Radios       | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 757  | 39705: Communication Equip. - Telemetering          | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 758  | 39900: Miscellaneous Equipment                      | 6.6 | P, S, T & D Plant - Commodity | 37        | 12      | 8       | 0      | 8       | 9       |
| 759  | 39900: Other Tangible Property                      | 6.6 | P, S, T & D Plant - Commodity | 958       | 307     | 200     | 9      | 212     | 230     |
| 760  | 39901: Other Tangible Property - Servers - HW       | 6.6 | P, S, T & D Plant - Commodity | 8,838     | 2,832   | 1,844   | 87     | 1,955   | 2,118   |
| 761  | 39902: Other Tangible Property - Servers - SW       | 6.6 | P, S, T & D Plant - Commodity | 1,861     | 587     | 388     | 18     | 412     | 446     |
| 762  | 39903: Other Tangible Property - Network - HW       | 6.6 | P, S, T & D Plant - Commodity | 503       | 161     | 105     | 5      | 111     | 121     |
| 763  | 39904: Other Tang. Property - CPU                   | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 764  | 39905: Other Tangible Property - MF - Hardware      | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 765  | 39906: Other Tang. Property - PC Hardware           | 6.6 | P, S, T & D Plant - Commodity | 1,252     | 401     | 261     | 12     | 277     | 300     |
| 766  | 39907: Other Tang. Property - PC Software           | 6.6 | P, S, T & D Plant - Commodity | 155       | 50      | 32      | 2      | 54      | 57      |
| 767  | 39908: Other Tang. Property - Mainframe SW          | 6.6 | P, S, T & D Plant - Commodity | 83,416    | 26,733  | 17,408  | 818    | 18,453  | 20,004  |
| 768  | 39909: Other Tang. Property - Application Software  | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 769  | 39924: Other Tang. Property - General Startup Costs | 6.6 | P, S, T & D Plant - Commodity | 0         | -       | -       | -      | -       | -       |
| 770  |   |     |                               |           |         |         |        |         |         |
| 771  |   |     |                               |           |         |         |        |         |         |
| 772  | Total General Plant                                 |     |                               | 105,985   | 33,966  | 22,116  | 1,039  | 23,446  | 25,416  |
| 773  |   |     |                               |           |         |         |        |         |         |
| 774  | TOTAL DEPRECIATION EXPENSE - COMMODITY              |     |                               | 2,989,531 | 854,483 | 622,499 | 28,432 | 663,218 | 719,921 |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
|--|-----------|------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Total Depreciation Expense                               |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   | Acct. No. |                                    | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 775  |           | Intangible Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 776  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 777  | 30100     | Organization                       |                   |                  | 0             |                   |                    |                             |                |                         |
| 778  | 30200     | Franchises & Consents              |                   |                  | 0             |                   |                    |                             |                |                         |
| 779  | 30300     | Misc Intangible Plant              |                   |                  | 0             |                   |                    |                             |                |                         |
| 780  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 781  |           | Total Intangible Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 782  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 783  |           | Production Plant                   |                   |                  |               |                   |                    |                             |                |                         |
| 784  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 785  | 32520     | Producing Leaseholds               |                   |                  | 0             |                   |                    |                             |                |                         |
| 786  | 32540     | Rights of Ways                     |                   |                  | 0             |                   |                    |                             |                |                         |
| 787  | 33100     | Production Gas Wells Equipment     |                   |                  | 0             |                   |                    |                             |                |                         |
| 788  | 33201     | Field Lines                        |                   |                  | 0             |                   |                    |                             |                |                         |
| 789  | 33202     | Tributary Lines                    |                   |                  | 0             |                   |                    |                             |                |                         |
| 790  | 33400     | Field Meas. & Reg. Sta. Equip      |                   |                  | 0             |                   |                    |                             |                |                         |
| 791  | 33600     | Purification Equipment             |                   |                  | 0             |                   |                    |                             |                |                         |
| 792  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 793  |           | Total Production Plant             |                   |                  | 0             |                   |                    |                             |                |                         |
| 794  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 795  |           | Storage Plant                      |                   |                  |               |                   |                    |                             |                |                         |
| 796  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 797  | 35010     | Land                               |                   |                  | 0             |                   |                    |                             |                |                         |
| 798  | 35020     | Rights of Way                      |                   |                  | 0             |                   |                    |                             |                |                         |
| 799  | 35100     | Structures and Improvements        |                   |                  | 299           | 136               | 80                 | 1                           | 51             | 27                      |
| 800  | 35102     | Compression Station Equipment      |                   |                  | 1,901         | 866               | 619                | 7                           | 331            | 174                     |
| 801  | 35103     | Meas. & Reg. Sta. Structures       |                   |                  | 219           | 93                | 57                 | 1                           | 37             | 19                      |
| 802  | 35104     | Other Structures                   |                   |                  | 1,787         | 832               | 480                | 7                           | 307            | 161                     |
| 803  | 35200     | Wells Rights of Way                |                   |                  | 175,778       | 82,340            | 47,499             | 657                         | 30,325         | 15,956                  |
| 804  | 35201     | Well Construction                  |                   |                  | 25,670        | 11,957            | 6,897              | 85                          | 4,404          | 2,317                   |
| 805  | 35202     | Well Equipment                     |                   |                  | 3,867         | 1,801             | 1,039              | 14                          | 663            | 349                     |
| 806  | 35203     | Cushion Gas                        |                   |                  | 30,507        | 14,210            | 8,197              | 113                         | 5,233          | 2,754                   |
| 807  | 35210     | Leaseholds                         |                   |                  | 625           | 281               | 169                | 2                           | 107            | 56                      |
| 808  | 35211     | Storage Rights                     |                   |                  | 481           | 224               | 129                | 2                           | 62             | 43                      |
| 809  | 35301     | Field Lines                        |                   |                  | 1,446         | 673               | 388                | 6                           | 248            | 131                     |
| 810  | 35302     | Tributary Lines                    |                   |                  | 0             |                   |                    |                             |                |                         |
| 811  | 35400     | Compressor Station Equipment       |                   |                  | 16,622        | 7,742             | 4,466              | 62                          | 2,851          | 1,500                   |
| 812  | 35500     | Meas & Reg. Equipment              |                   |                  | 1,220         | 572               | 330                | 5                           | 211            | 111                     |
| 813  | 35600     | Purification Equipment             |                   |                  | 8,501         | 3,959             | 2,284              | 32                          | 1,458          | 767                     |
| 814  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 815  |           | Total Storage Plant                |                   |                  | 269,854       | 126,740           | 72,535             | 1,003                       | 46,309         | 24,367                  |
| 816  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 817  |           | Transmission:                      |                   |                  |               |                   |                    |                             |                |                         |
| 818  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 819  | 36510     | Land & Land Rights                 |                   |                  | 0             |                   |                    |                             |                |                         |
| 820  | 36520     | Rights of Way                      |                   |                  | 11,541        | 6,233             | 3,478              | -                           | 1,831          | -                       |
| 821  | 36602     | Structures & Improvements          |                   |                  | 872           | 471               | 263                | -                           | 136            | -                       |
| 822  | 36603     | Other Structures                   |                   |                  | 1,083         | 566               | 326                | -                           | 172            | -                       |
| 823  | 36700     | Mains Cathodic Protection          |                   |                  | 9,275         | 5,009             | 2,795              | -                           | 1,471          | -                       |
| 824  | 36701     | Mains - Steel                      |                   |                  | 524,702       | 263,365           | 158,117            | -                           | 83,220         | -                       |
| 825  | 36800     | Meas. & Reg. Equipment             |                   |                  | 13,161        | 7,108             | 3,966              | -                           | 2,087          | -                       |
| 826  | 36901     | Meas. & Reg. Equipment             |                   |                  | 48,575        | 26,233            | 14,638             | -                           | 7,704          | -                       |
| 827  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 828  |           | Total Transmission Plant           |                   |                  | 609,211       | 329,004           | 183,583            |                             | 86,624         |                         |
| 829  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 830  |           | Distribution:                      |                   |                  |               |                   |                    |                             |                |                         |
| 831  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 832  | 37400     | Land & Land Rights                 |                   |                  | 0             |                   |                    |                             |                |                         |
| 833  | 37401     | Land                               |                   |                  | 0             |                   |                    |                             |                |                         |
| 834  | 37402     | Land Rights                        |                   |                  | 22,037        | 9,897             | 5,839              | 84                          | 4,050          | 2,066                   |
| 835  | 37403     | Land Other                         |                   |                  | 0             |                   |                    |                             |                |                         |
| 836  | 37500     | Structures & Improvements          |                   |                  | 8,925         | 3,142             | 1,835              | 27                          | 1,273          | 649                     |
| 837  | 37501     | Structures & Improvements T.B.     |                   |                  | 2,056         | 933               | 545                | 8                           | 378            | 193                     |
| 838  | 37502     | Land Rights                        |                   |                  | 853           | 432               | 253                | 4                           | 175            | 89                      |
| 839  | 37503     | Improvements                       |                   |                  | 83            | 37                | 22                 | 0                           | 15             | 8                       |
| 840  | 37600     | Mains Cathodic Protection          |                   |                  | 999,918       | 453,439           | 264,847            | 3,830                       | 183,683        | 93,719                  |
| 841  | 37601     | Mains - Steel                      |                   |                  | 2,355,111     | 1,068,414         | 624,046            | 9,025                       | 432,802        | 220,624                 |
| 842  | 37602     | Mains - Plastic                    |                   |                  | 2,044,395     | 927,458           | 541,714            | 7,834                       | 375,702        | 191,690                 |
| 843  | 37600     | Meas & Reg. Sta. Equip - General   |                   |                  | 218,376       | 96,181            | 57,334             | 829                         | 38,784         | 20,288                  |
| 844  | 37600     | Meas & Reg. Sta. Equip - City Gate |                   |                  | 93,396        | 41,004            | 23,850             | 346                         | 16,610         | 8,475                   |
| 845  | 37605     | Meas & Reg. Sta. Equipment T.B.    |                   |                  | 39,863        | 18,054            | 10,593             | 153                         | 7,326          | 3,758                   |
| 846  | 38000     | Services                           |                   |                  | 4,112,168     | 3,660,331         | 447,022            | 268                         | 2,883          | 1,684                   |
| 847  | 38100     | Meters                             |                   |                  | 2,887,270     | 1,731,384         | 1,078,694          | 4,785                       | 52,185         | 30,012                  |
| 848  | 38200     | Meter Installations                |                   |                  | 2,133,688     | 1,275,074         | 794,549            | 3,524                       | 38,439         | 22,102                  |
| 849  | 38300     | House Regulators                   |                   |                  | 264,822       | 158,255           | 88,615             | 437                         | 4,771          | 2,743                   |
| 850  | 38400     | House Reg. Installations           |                   |                  | 3,825         | 2,197             | 1,350              | 6                           | 65             | 38                      |
| 851  | 38500     | Ind. Meas. & Reg. Sta. Equipment   |                   |                  | 147,374       | -                 | 145,804            | 87                          | 940            | 543                     |
| 852  | 38600     | Other Prop. On Cust. Prem          |                   |                  | 0             |                   |                    |                             |                |                         |
| 853  |           |                                    |                   |                  |               |                   |                    |                             |                |                         |
| 854  |           | Total Distribution Plant           |                   |                  | 15,336,651    | 9,448,310         | 4,057,161          | 31,246                      | 1,161,071      | 598,841                 |

| Almos Energy Corporation, Kentucky/Mid-States Division   |   |            |            |           |        |           |         |
|--|---|------------|------------|-----------|--------|-----------|---------|
| Class Cost of Service - Demand/Commodity Study           |   |            |            |           |        |           |         |
| Forecasted Test Period, Twelve Months Ended May 31, 2017 |   |            |            |           |        |           |         |
| ALLOCATION OF DEPRECIATION EXPENSE                       |   |            |            |           |        |           |         |
| 856  |   |            |            |           |        |           |         |
| 850  | General:  |            |            |           |        |           |         |
| 857  |   |            |            |           |        |           |         |
| 858  | 28900: Land & Land Rights                           | 0          |            |           |        |           |         |
| 859  | 30000: Structures Frame                             | 197,482    | 115,031    | 51,118    | 450    | 21,059    | 9,815   |
| 860  | 39001: Structures & Improvements                    | 0          |            |           |        |           |         |
| 861  | 39002: Improvements                                 | 6,509      | 3,791      | 1,689     | 15     | 604       | 324     |
| 862  | 39003: Air Conditioning Equipment                   | 26,666     | 15,533     | 6,902     | 81     | 2,845     | 1,325   |
| 863  | 39004: Improvement to leased Premises               | 281        | 163        | 73        | 1      | 30        | 14      |
| 864  | 90009: Office Furniture & Equipment                 | 233,163    | 135,814    | 60,354    | 531    | 24,876    | 11,668  |
| 865  | 39100: Remittance Processing Equip                  | 130,055    | 75,756     | 33,665    | 296    | 13,875    | 6,464   |
| 866  | 39102: Office Machines                              | 0          |            |           |        |           |         |
| 867  | 39103: Transportation Equipment                     | 0          |            |           |        |           |         |
| 868  | 39200: Trucks                                       | 23,884     | 13,912     | 6,182     | 54     | 2,548     | 1,197   |
| 869  | 39201: Trailers                                     | 1,436      | 836        | 372       | 3      | 163       | 71      |
| 870  | 39300: Stores Equipment                             | 0          |            |           |        |           |         |
| 871  | 39300: Tools, Shop & Garage Equipment               | 0          |            |           |        |           |         |
| 872  | 39400: Power Operated Equipment                     | 72,746     | 42,374     | 18,830    | 166    | 7,761     | 3,616   |
| 873  | 39600: Ditchers                                     | 0          |            |           |        |           |         |
| 874  | 39603: Backhoes                                     | 184        | 107        | 48        | 0      | 20        | 9       |
| 875  | 39604: Welders                                      | 244        | 142        | 63        | 1      | 26        | 12      |
| 876  | 39605: Communication Equipment                      | 6,471      | 3,769      | 1,676     | 16     | 690       | 322     |
| 877  | 39700: Communication Equipment - Mobile Radios      | 26,973     | 15,711     | 6,992     | 61     | 2,878     | 1,341   |
| 878  | 39701: Communication Equipment - Fixed Radios       | 0          |            |           |        |           |         |
| 879  | 39702: Communication Equip. - Telemetry             | 0          |            |           |        |           |         |
| 880  | 39705: Miscellaneous Equipment                      | 0          |            |           |        |           |         |
| 881  | 39800: Other Tangible Property                      | 215,121    | 125,305    | 55,684    | 480    | 22,951    | 10,692  |
| 882  | 39900: Other Tangible Property - Servers - HW       | 0          |            |           |        |           |         |
| 883  | 39901: Other Tangible Property - Servers - SW       | 0          |            |           |        |           |         |
| 884  | 39902: Other Tangible Property - Network - HW       | 0          |            |           |        |           |         |
| 885  | 39903: Other Tang. Property - CPU                   | 8,471      | 5,517      | 2,452     | 22     | 1,010     | 471     |
| 886  | 39904: Other Tangible Property - MF - Hardware      | 0          |            |           |        |           |         |
| 887  | 39905: Other Tang. Property - PC Hardware           | 0          |            |           |        |           |         |
| 888  | 39906: Other Tang. Property - PC Software           | 332,088    | 193,437    | 85,961    | 756    | 36,429    | 16,505  |
| 889  | 39907: Other Tang. Property - Mainframe SW          | 0          |            |           |        |           |         |
| 890  | 39908: Other Tang. Property - Application Software  | 0          |            |           |        |           |         |
| 891  | 39909: Other Tang. Property - General Startup Costs | 609,848    | 355,112    | 157,807   | 1,388  | 65,042    | 30,300  |
| 892  |   |            |            |           |        |           |         |
| 893  |   |            |            |           |        |           |         |
| 894  | Total General Plant                                 | 1,892,422  | 1,102,310  | 489,851   | 4,308  | 201,897   | 94,055  |
| 895  |   |            |            |           |        |           |         |
| 896  | TOTAL DIRECT DEPRECIATION EXPENSE                   | 18,108,237 | 11,005,365 | 4,843,150 | 36,557 | 1,605,002 | 717,283 |
| 897  |   |            |            |           |        |           |         |
| 898  | Kentucky Mid-States General Office:                 |            |            |           |        |           |         |
| 899  |   |            |            |           |        |           |         |
| 900  | Intangible Plant:                                   |            |            |           |        |           |         |
| 901  |   |            |            |           |        |           |         |
| 902  | 30100: Organization                                 | 0          |            |           |        |           |         |
| 903  | 30200: Franchises & Consents                        | 0          |            |           |        |           |         |
| 904  | 30300: Misc Intangible Plant                        | 0          |            |           |        |           |         |
| 905  |   |            |            |           |        |           |         |
| 906  | Total Intangible Plant                              | 0          |            |           |        |           |         |
| 907  |   |            |            |           |        |           |         |
| 908  | General:  |            |            |           |        |           |         |
| 909  |   |            |            |           |        |           |         |
| 910  | 37400: Land & Land Rights                           | 0          |            |           |        |           |         |
| 911  | 39001: Structures Frame                             | 2,359      | 1,374      | 611       | 5      | 252       | 117     |
| 912  | 39002: Structures & Improvements                    | 0          |            |           |        |           |         |
| 913  | 39003: Land & Land Rights                           | 0          |            |           |        |           |         |
| 914  | 39004: Air Conditioning Equipment                   | 0          |            |           |        |           |         |
| 915  | 39009: Improvement to leased Premises               | 3,760      | 2,190      | 975       | 9      | 401       | 187     |
| 916  | 39100: Office Furniture & Equipment                 | 611        | 358        | 158       | 1      | 65        | 30      |
| 917  | 39102: Remittance Processing Equip                  | 0          |            |           |        |           |         |
| 918  | 39103: Office Machines                              | 0          |            |           |        |           |         |
| 919  | 39200: Transportation Equipment                     | 0          |            |           |        |           |         |
| 920  | 39201: Trucks                                       | 0          |            |           |        |           |         |
| 921  | 39202: Trailers                                     | 0          |            |           |        |           |         |
| 922  | 39300: Stores Equipment                             | 0          |            |           |        |           |         |
| 923  | 39400: Tools, Shop & Garage Equipment               | 1,192      | 694        | 306       | 3      | 127       | 59      |
| 924  | 39600: Power Operated Equipment                     | 5          | 3          | 1         | 0      | 1         | 0       |
| 925  | 39603: Ditchers                                     | 0          |            |           |        |           |         |
| 926  | 39604: Backhoes                                     | 0          |            |           |        |           |         |
| 927  | 39605: Welders                                      | 0          |            |           |        |           |         |
| 928  | 39700: Communication Equipment                      | 2,600      | 1,514      | 673       | 6      | 277       | 129     |
| 929  | 39701: Communication Equipment - Mobile Radios      | 0          |            |           |        |           |         |
| 930  | 39702: Communication Equipment - Fixed Radios       | 0          |            |           |        |           |         |
| 931  | 39705: Communication Equip. - Telemetry             | 0          |            |           |        |           |         |
| 932  | 39800: Miscellaneous Equipment                      | 16,028     | 8,754      | 3,890     | 34     | 1,503     | 747     |
| 933  | 39900: Other Tangible Property                      | 0          |            |           |        |           |         |
| 934  | 39901: Other Tangible Property - Servers - HW       | 10,645     | 6,200      | 2,755     | 24     | 1,136     | 528     |
| 935  | 39902: Other Tangible Property - Servers - SW       | 0          |            |           |        |           |         |
| 936  | 39903: Other Tangible Property - Network - HW       | 0          |            |           |        |           |         |
| 937  | 39904: Other Tang. Property - CPU                   | 0          |            |           |        |           |         |
| 938  | 39905: Other Tangible Property - MF - Hardware      | 0          |            |           |        |           |         |
| 939  | 39906: Other Tang. Property - PC Hardware           | 0          |            |           |        |           |         |
| 940  | 39907: Other Tang. Property - PC Software           | 4,084      | 2,379      | 1,057     | 9      | 436       | 203     |
| 941  | 39908: Other Tang. Property - Mainframe SW          | 0          |            |           |        |           |         |
| 942  | 39909: Other Tang. Property - Application Software  | 0          |            |           |        |           |         |
| 943  | 39924: Other Tang. Property - General Startup Costs | 0          |            |           |        |           |         |
| 944  |   |            |            |           |        |           |         |
| 945  |   |            |            |           |        |           |         |
| 946  | Total General Plant                                 | 40,284     | 23,465     | 10,427    | 92     | 4,288     | 2,002   |
| 947  |   |            |            |           |        |           |         |
| 948  | Shared Services General Office:                     |            |            |           |        |           |         |

| Abnos Energy Corporation, Kentucky/Mid-States Division   |  |            |            |           |        |           |         |  |  |
|--|--|------------|------------|-----------|--------|-----------|---------|--|--|
| Class Cost of Service - Demand/Commodity Study           |  |            |            |           |        |           |         |  |  |
| Forecasted Test Period, Twelve Months Ended May 31, 2017 |  |            |            |           |        |           |         |  |  |
| ALLOCATION OF DEPRECIATION EXPENSE                       |  |            |            |           |        |           |         |  |  |
| 949  |  |            |            |           |        |           |         |  |  |
| 950  | General:   |            |            |           |        |           |         |  |  |
| 951  |  |            |            |           |        |           |         |  |  |
| 952  | 37400 Land & Land Rights                           | 0          |            |           |        |           |         |  |  |
| 953  | 39000 Structures & Improvements                    | 7,963      | 4,638      | 2,961     | 18     | 850       | 398     |  |  |
| 954  | 39502 Structures & Improvements                    | 0          |            |           |        |           |         |  |  |
| 955  | 37503 Improvements                                 | 0          |            |           |        |           |         |  |  |
| 956  | 39004 Air Conditioning Equipment                   | 0          |            |           |        |           |         |  |  |
| 957  | 39009 Improvement to leased Premises               | 16,532     | 9,030      | 4,279     | 39     | 1,764     | 822     |  |  |
| 958  | 39100 Office Furniture & Equipment                 | 23,439     | 13,653     | 6,067     | 53     | 2,501     | 1,165   |  |  |
| 959  | 39102 Remittance Processing Equip                  | 0          |            |           |        |           |         |  |  |
| 960  | 39103 Office Machines                              | 0          |            |           |        |           |         |  |  |
| 961  | 39200 Transportation Equipment                     | 38         | 22         | 10        | 0      | 4         | 2       |  |  |
| 962  | 39201 Trucks                                       | 0          |            |           |        |           |         |  |  |
| 963  | 39202 Trailers                                     | 0          |            |           |        |           |         |  |  |
| 964  | 39300 Stores Equipment                             | 0          |            |           |        |           |         |  |  |
| 965  | 39400 Tools, Shop & Garage Equipment               | 7,193      | 4,190      | 1,982     | 16     | 767       | 357     |  |  |
| 966  | 39600 Power Operated Equipment                     | 125        | 73         | 32        | 0      | 13        | 6       |  |  |
| 967  | 39603 Ditchers                                     | 0          |            |           |        |           |         |  |  |
| 968  | 39604 Backhoes                                     | 0          |            |           |        |           |         |  |  |
| 969  | 39605 Welders                                      | 0          |            |           |        |           |         |  |  |
| 970  | 39700 Communication Equipment                      | 7,842      | 4,568      | 2,030     | 18     | 837       | 390     |  |  |
| 971  | 39701 Communication Equipment - Mobile Radios      | 0          |            |           |        |           |         |  |  |
| 972  | 39702 Communication Equipment - Fixed Radios       | 0          |            |           |        |           |         |  |  |
| 973  | 39705 Communication Equip - Telemetering           | 0          |            |           |        |           |         |  |  |
| 974  | 39800 Miscellaneous Equipment                      | 1,534      | 894        | 397       | 3      | 184       | 76      |  |  |
| 975  | 39900 Other Tangible Property                      | 1,154      | 672        | 299       | 3      | 123       | 57      |  |  |
| 976  | 39901 Other Tangible Property - Servers - HW       | 156,799    | 91,334     | 40,807    | 357    | 16,729    | 7,793   |  |  |
| 977  | 39902 Other Tangible Property - Servers - SW       | 90,772     | 52,674     | 29,498    | 207    | 9,684     | 4,511   |  |  |
| 978  | 39903 Other Tangible Property - Network - HW       | 12,500     | 7,281      | 3,236     | 28     | 1,334     | 621     |  |  |
| 979  | 39904 Other Tang. Property - CPU                   | 0          |            |           |        |           |         |  |  |
| 980  | 39905 Other Tangible Property - MF - Hardware      | 0          |            |           |        |           |         |  |  |
| 981  | 39906 Other Tang. Property - PC Hardware           | 12,679     | 7,395      | 3,282     | 29     | 1,353     | 630     |  |  |
| 982  | 39907 Other Tang. Property - PC Software           | 2,382      | 1,393      | 615       | 5      | 265       | 119     |  |  |
| 983  | 39908 Other Tang. Property - Mainframe SW          | 421,498    | 245,517    | 109,104   | 959    | 44,968    | 20,949  |  |  |
| 984  | 39909 Other Tang. Property - Application Software  | 0          |            |           |        |           |         |  |  |
| 985  | 39924 Other Tang. Property - General Startup Costs | 0          |            |           |        |           |         |  |  |
| 986  |  |            |            |           |        |           |         |  |  |
| 987  |  |            |            |           |        |           |         |  |  |
| 988  | Total General Plant                                | 762,460    | 444,123    | 197,362   | 1,738  | 81,345    | 37,895  |  |  |
| 989  |  |            |            |           |        |           |         |  |  |
| 990  | Shared Services Customer Support                   |            |            |           |        |           |         |  |  |
| 991  |  |            |            |           |        |           |         |  |  |
| 992  | General:   |            |            |           |        |           |         |  |  |
| 993  |  |            |            |           |        |           |         |  |  |
| 994  | 37400 Land & Land Rights                           | 0          |            |           |        |           |         |  |  |
| 995  | 39001 Structures Frame                             | 0          |            |           |        |           |         |  |  |
| 996  | 39602 Structures & Improvements                    | 25,216     | 14,688     | 6,527     | 57     | 2,600     | 1,293   |  |  |
| 997  | 37503 Improvements                                 | 0          |            |           |        |           |         |  |  |
| 998  | 39004 Air Conditioning Equipment                   | 0          |            |           |        |           |         |  |  |
| 999  | 39009 Improvement to leased Premises               | 7,980      | 4,648      | 2,068     | 18     | 851       | 397     |  |  |
| 1000   | 39100 Office Furniture & Equipment                 | 5,196      | 3,026      | 1,345     | 12     | 554       | 258     |  |  |
| 1001   | 39102 Remittance Processing Equip                  | 0          |            |           |        |           |         |  |  |
| 1002   | 39103 Office Machines                              | 0          |            |           |        |           |         |  |  |
| 1003   | 39200 Transportation Equipment                     | 0          |            |           |        |           |         |  |  |
| 1004   | 39201 Trucks                                       | 0          |            |           |        |           |         |  |  |
| 1005   | 39202 Trailers                                     | 0          |            |           |        |           |         |  |  |
| 1006   | 39300 Stores Equipment                             | 0          |            |           |        |           |         |  |  |
| 1007   | 39400 Tools, Shop & Garage Equipment               | 0          |            |           |        |           |         |  |  |
| 1008   | 39600 Power Operated Equipment                     | 0          |            |           |        |           |         |  |  |
| 1009   | 39603 Ditchers                                     | 0          |            |           |        |           |         |  |  |
| 1010   | 39604 Backhoes                                     | 0          |            |           |        |           |         |  |  |
| 1011   | 39605 Welders                                      | 0          |            |           |        |           |         |  |  |
| 1012   | 39700 Communication Equipment                      | 6,731      | 3,921      | 1,742     | 15     | 718       | 335     |  |  |
| 1013   | 39701 Communication Equipment - Mobile Radios      | 0          |            |           |        |           |         |  |  |
| 1014   | 39702 Communication Equipment - Fixed Radios       | 0          |            |           |        |           |         |  |  |
| 1015   | 39705 Communication Equip - Telemetering           | 0          |            |           |        |           |         |  |  |
| 1016   | 39800 Miscellaneous Equipment                      | 186        | 108        | 49        | 0      | 20        | 9       |  |  |
| 1017   | 39900 Other Tangible Property                      | 4,824      | 2,810      | 1,249     | 11     | 515       | 240     |  |  |
| 1018   | 39901 Other Tangible Property - Servers - HW       | 44,486     | 25,912     | 11,515    | 101    | 4,746     | 2,211   |  |  |
| 1019   | 39902 Other Tangible Property - Servers - SW       | 9,370      | 5,458      | 2,425     | 21     | 1,000     | 466     |  |  |
| 1020   | 39903 Other Tangible Property - Network - HW       | 2,533      | 1,475      | 656       | 6      | 270       | 128     |  |  |
| 1021   | 39904 Other Tang. Property - CPU                   | 0          |            |           |        |           |         |  |  |
| 1022   | 39905 Other Tangible Property - MF - Hardware      | 0          |            |           |        |           |         |  |  |
| 1023   | 39906 Other Tang. Property - PC Hardware           | 6,301      | 3,570      | 1,631     | 14     | 672       | 313     |  |  |
| 1024   | 39907 Other Tang. Property - PC Software           | 780        | 454        | 202       | 2      | 83        | 39      |  |  |
| 1025   | 39908 Other Tang. Property - Mainframe SW          | 419,683    | 244,576    | 108,686   | 956    | 44,799    | 20,859  |  |  |
| 1026   | 39909 Other Tang. Property - Application Software  | 0          |            |           |        |           |         |  |  |
| 1027   | 39924 Other Tang. Property - General Startup Costs | 0          |            |           |        |           |         |  |  |
| 1028   |  |            |            |           |        |           |         |  |  |
| 1029   |  |            |            |           |        |           |         |  |  |
| 1030   | Total General Plant                                | 533,465    | 310,746    | 138,092   | 1,214  | 58,916    | 26,515  |  |  |
| 1031   |  |            |            |           |        |           |         |  |  |
| 1032   | TOTAL DEPRECIATION EXPENSE                         | 19,444,468 | 11,783,701 | 5,189,032 | 39,589 | 1,648,460 | 783,675 |  |  |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                               |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study                         |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Customer   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  | Taxes Other Than Income              |                   |                               |               |                   |                    |                             |                |                         |
| 2  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 3  | Non Revenue Related:                 |                   |                               |               |                   |                    |                             |                |                         |
| 4  | Payroll Related                      | 7.2               | Allocated O&M Expenses - Cust | 83,732        | 75,139            | 17,749             | 46                          | 506            | 291                     |
| 5  | Property Related                     | 8.2               | P, S, T & D Plant - Customer  | 2,134,636     | 1,601,670         | 523,216            | 1,637                       | 17,848         | 10,265                  |
| 6  | DOT transmission User Tax            | 7.2               | Allocated O&M Expenses - Cust | 8,135         | 6,521             | 1,541              | 4                           | 44             | 25                      |
| 7  | Other                                | 7.2               | Allocated O&M Expenses - Cust | 0             |                   |                    |                             |                |                         |
| 8  | Total Non Revenue Related:           |                   |                               | 2,236,503     | 1,683,330         | 542,506            | 1,688                       | 18,398         | 10,582                  |
| 9  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 10   | Revenue Related:                     |                   |                               |               |                   |                    |                             |                |                         |
| 11   | State Gross Receipts - Tax           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 12   | Local Gross Receipts - Tax           | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 13   | Public Service Commission Assessment | 99.0              |                               | 0             |                   |                    |                             |                |                         |
| 14   | Total Revenue Related:               |                   |                               | 0             |                   |                    |                             |                |                         |
| 15   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 16   | Total Taxes, Other Than Income       |                   |                               | 2,236,503     | 1,683,330         | 542,506            | 1,688                       | 18,398         | 10,582                  |
| 17   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 18   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 19   | Interest Expense                     | 19.2              | Rate Base - Cust              | 2,912,509     | 2,194,180         | 680,419            | 2,087                       | 22,743         | 13,081                  |



| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                                 |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|---------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class, Cost of Service - Demand/Commodity Study                        |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Demand   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis                | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 20   | Taxes Other Than Income              |                   |                                 |               |                   |                    |                             |                |                         |
| 21   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 22   | Non Revenue Related:                 |                   |                                 |               |                   |                    |                             |                |                         |
| 23   | Payroll Related                      | 7.4               | Allocated O&M Expenses - Demand | 62,958        | 28,600            | 15,959             | -                           | 8,399          | -                       |
| 24   | Property Related                     | 6.4               | P, S, T & D Plant - Demand      | 1,858,707     | 1,003,793         | 550,113            | -                           | 294,800        | -                       |
| 25   | DOT Transmission User Tax            | 7.4               | Allocated O&M Expense - Demand  | 4,596         | 2,482             | 1,385              | -                           | 729            | -                       |
| 26   | Other                                | 7.4               | Allocated O&M Expenses - Demand | 0             | -                 | -                  | -                           | -              | -                       |
| 27   | Total Non Revenue Related:           |                   |                                 | 1,916,261     | 1,034,875         | 577,457            | 0                           | 303,929        | 0                       |
| 28   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 29   | Revenue Related:                     |                   |                                 |               |                   |                    |                             |                |                         |
| 30   | State Gross Receipts - Tax           | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 31   | Local Gross Receipts - Tax           | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 32   | Public Service Commission Assessment | 99.0              |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 33   | Total Revenue Related:               |                   |                                 | 0             | -                 | -                  | -                           | -              | -                       |
| 34   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 35   | Total Taxes, Other Than Income       |                   |                                 | 1,916,261     | 1,034,875         | 577,457            | -                           | 303,929        | -                       |
| 36   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 37   |                                      |                   |                                 |               |                   |                    |                             |                |                         |
| 38   | Interest Expense                     | 19.4              | Rate Base - Demand              | 2,917,568     | 1,575,042         | 979,203            | -                           | 462,744        | -                       |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                               |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|-------------------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study                         |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                               |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Commodity  |                                      |                   |                               |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis              | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 39   | Taxes Other Than Income              |                   |                               |               |                   |                    |                             |                |                         |
| 40   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 41   | Non Revenue Related:                 |                   |                               |               |                   |                    |                             |                |                         |
| 42   | Payroll Related                      | 7.6               | Allocated O&M Expenses - Comm | 589,205       | 341,800           | 224,475            | 5,001                       | 7,151          | 7,778                   |
| 43   | Property Related                     | 6.6               | P, S, T & D Plant - Commodity | 990,017       | 317,278           | 206,608            | 9,707                       | 219,013        | 237,412                 |
| 44   | DOT transmission User Tax            | 7.6               | Allocated O&M Expenses - Comm | 51,138        | 29,866            | 19,483             | 694                         | 621            | 675                     |
| 45   | Other                                | 7.6               | Allocated O&M Expenses - Comm | 0             |                   |                    |                             |                |                         |
| 46   | Total Non Revenue Related:           |                   |                               | 1,630,360     | 688,744           | 450,566            | 18,402                      | 226,784        | 245,864                 |
| 47   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 48   | Revenue Related:                     |                   |                               |               |                   |                    |                             |                |                         |
| 49   | State Gross Receipts - Tax           | 98.0              |                               | 0             |                   |                    |                             |                |                         |
| 50   | Local Gross Receipts - Tax           | 98.0              |                               | 0             |                   |                    |                             |                |                         |
| 51   | Public Service Commission Assessment | 1.0               | Mcf                           | 317,098       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 52   | Total Revenue Related:               |                   |                               | 317,098       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 53   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 54   | Total Taxes, Other Than Income       |                   |                               | 1,947,458     | 788,474           | 516,013            | 21,574                      | 297,910        | 323,484                 |
| 55   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 56   |                                      |                   |                               |               |                   |                    |                             |                |                         |
| 57   | Interest Expense                     | 19.6              | Rate Base - Comm              | 1,927,637     | 642,810           | 419,426            | 19,357                      | 405,720        | 440,324                 |

| Atmos Energy Corporation, Kentucky/Mid-States Division                 |                                      |                   |                  |               |                   |                    |                             |                |                         |
|--|--------------------------------------|-------------------|------------------|---------------|-------------------|--------------------|-----------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study                         |                                      |                   |                  |               |                   |                    |                             |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017               |                                      |                   |                  |               |                   |                    |                             |                |                         |
| ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX |                                      |                   |                  |               |                   |                    |                             |                |                         |
| Total Taxes Other  |                                      |                   |                  |               |                   |                    |                             |                |                         |
| Line No.   |                                      | Allocation Factor | Allocation Basis | Total Company | Residential Sales | Non-Res Sales Firm | Non-Res Sales Interruptible | Transport Firm | Transport Interruptible |
| 59   | Taxes Other Than Income              |                   |                  |               |                   |                    |                             |                |                         |
| 60   | Non Revenue Related:                 |                   |                  |               |                   |                    |                             |                |                         |
| 61   | Payroll Related                      |                   |                  | 735,885       | 445,530           | 258,183            | 8,047                       | 18,056         | 8,069                   |
| 62   | Property Related                     |                   |                  | 4,863,360     | 2,602,741         | 1,289,937          | 11,344                      | 531,681        | 247,877                 |
| 63   | DOT transmission User Tax            |                   |                  | 63,870        | 38,669            | 22,408             | 658                         | 1,394          | 700                     |
| 64   | Other                                |                   |                  | 0             |                   |                    |                             |                |                         |
| 65   | Total Non Revenue Related:           |                   |                  | 5,763,125     | 3,386,849         | 1,570,529          | 20,059                      | 549,111        | 258,446                 |
| 67   | Revenue Related:                     |                   |                  |               |                   |                    |                             |                |                         |
| 68   | State Gross Receipts - Tax           |                   |                  | 0             |                   |                    |                             |                |                         |
| 69   | Local Gross Receipts - Tax           |                   |                  | 0             |                   |                    |                             |                |                         |
| 70   | Public Service Commission Assessment |                   |                  | 317,096       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 71   | Total Revenue Related:               |                   |                  | 317,096       | 99,730            | 65,447             | 3,172                       | 71,126         | 77,620                  |
| 72   |                                      |                   |                  |               |                   |                    |                             |                |                         |
| 73   | Total Taxes, Other Than Income       |                   |                  | 6,100,220     | 3,486,579         | 1,635,976          | 23,262                      | 620,237        | 334,066                 |
| 74   |                                      |                   |                  |               |                   |                    |                             |                |                         |
| 75   |                                      |                   |                  |               |                   |                    |                             |                |                         |
| 76   | Interest Expense                     |                   |                  | 7,757,734     | 4,412,631         | 1,979,048          | 21,443                      | 891,207        | 453,405                 |

| Almos Energy Corporation, Kentucky/Mid-States Division   |                             |                   |                              |               |                   |                     |                              |                |                         |
|--|-----------------------------|-------------------|------------------------------|---------------|-------------------|---------------------|------------------------------|----------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |                             |                   |                              |               |                   |                     |                              |                |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |                             |                   |                              |               |                   |                     |                              |                |                         |
| ALLOCATION OF REVENUES                                   |                             |                   |                              |               |                   |                     |                              |                |                         |
| Total Revenues   |                             |                   |                              |               |                   |                     |                              |                |                         |
| Line No.   |                             | Allocation Factor | Allocation Basis             | Total Company | Residential Sales | Non-Rate Sales Firm | Non-Rate Sales Interruptible | Transport Firm | Transport Interruptible |
| 1  | Rate Schedule Revenue:      |                   |                              |               |                   |                     |                              |                |                         |
| 2  |                             |                   |                              |               |                   |                     |                              |                |                         |
| 3  | Base Revenues               | Input             |                              | 82,773,705    | 48,574,308        | 19,489,681          | 313,469                      | 7,691,062      | 6,705,206               |
| 4  | Base Revenue Increase       | Input             |                              | 0             |                   |                     |                              |                |                         |
| 5  | Gas Costs                   |                   | 1.2 Sales Mcf                | 79,378,177    | 47,248,724        | 31,034,768          | 1,094,685                    |                |                         |
| 6  | Rider FF and Rider Tax      | Input             |                              | 0             |                   |                     |                              |                |                         |
| 7  |                             |                   |                              |               |                   |                     |                              |                |                         |
| 8  | Total Rate Schedule Revenue |                   |                              | 162,151,882   | 95,823,030        | 50,524,429          | 1,408,155                    | 7,691,062      | 6,705,206               |
| 9  |                             |                   |                              |               |                   |                     |                              |                |                         |
| 10   | Other Revenue:              |                   |                              |               |                   |                     |                              |                |                         |
| 11   |                             |                   |                              |               |                   |                     |                              |                |                         |
| 12   | Forfeited Discounts         | 18.6              | Total Rate Schedule Revenues | 1,140,887     | 674,203           | 355,486             | 9,908                        | 54,114         | 47,177                  |
| 13   | Misc. Service Revenues      | 18.6              | Total Rate Schedule Revenues | 795,825       | 470,290           | 247,869             | 6,911                        | 37,747         | 32,908                  |
| 14   | NTB                         | 18.2              | Base Revenues                | (3)           | (2)               | (1)                 | (0)                          | (0)            | (0)                     |
| 15   | Other Gas Revenue           | 18.2              | Base Revenues                | 2,716,065     | 1,693,075         | 639,517             | 10,296                       | 252,368        | 230,019                 |
| 16   |                             |                   |                              |               |                   |                     |                              |                |                         |
| 17   | Total Non-Rate Revenue      |                   |                              | 4,652,774     | 2,738,366         | 1,242,971           | 27,105                       | 344,228        | 300,104                 |
| 18   |                             |                   |                              |               |                   |                     |                              |                |                         |
| 19   | TOTAL REVENUE               |                   |                              | 166,804,655   | 98,561,396        | 51,767,399          | 1,435,259                    | 8,035,290      | 7,005,311               |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |        |                  |             |             |             |
|--|---|--------|------------------|-------------|-------------|-------------|
| Class Cost of Service - Demand/Commodity Study           |   |        |                  |             |             |             |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |        |                  |             |             |             |
| CLASSIFICATION FACTORS                                   |   |        |                  |             |             |             |
|  |   |        | Total<br>Company | Customer    | Demand      | Commodity   |
|  | Input   | Values | 1                | 1           | 0           | 0           |
| 1.0  | Customer  | %      | 100.0000%        | 100.0000%   | 0.0000%     | 0.0000%     |
|  | Input   | Values | 1                | 0           | 1           | 0           |
| 2.0  | Demand  | %      | 100.0000%        | 0.0000%     | 100.0000%   | 0.0000%     |
|  | Input   | Values | 1                | 0           | 0           | 1           |
| 3.0  | Commodity   | %      | 100.0000%        | 0.0000%     | 0.0000%     | 100.0000%   |
|  | Input   | Values | 100              | 0           | 50          | 50          |
| 3.5  | Storage (50/50)                                       | %      | 100.0000%        | 0.0000%     | 50.0000%    | 50.0000%    |
|  | Input   | Values | 1                | -           | 1           | 0           |
| 4.0  | Mains (Peak & Average)                                | %      | 100.0000%        | 0.0000%     | 61.6952%    | 38.3048%    |
|  | Internally Generated                                  | Values | 254,117,599      | 76,986,682  | 109,281,352 | 67,849,565  |
| 4.1  | Mains & Services                                      | %      | 100.0000%        | 30.2957%    | 43.0042%    | 26.7001%    |
|  | Internally Generated                                  | Values | 510,183,156      | 218,538,374 | 190,289,440 | 101,355,342 |
| 5.4  | P, S, T & D Plant                                     | %      | 100.0000%        | 42.8353%    | 37.2983%    | 19.8665%    |
|  | Internally Generated                                  | Values | 387,713,350      | 151,304,044 | 149,829,885 | 86,579,422  |
| 5.7  | Net Plant   | %      | 100.0000%        | 39.0247%    | 38.6445%    | 22.3308%    |
|  | Internally Generated                                  | Values | 104,852,766      | 13,355,249  | 7,545,843   | 83,951,874  |
| 9.1  | Allocated O&M Expenses                                | %      | 100.0000%        | 12.7371%    | 7.1964%     | 80.0664%    |
|  | Internally Generated                                  | Values | 5,303,837        | 2,143,480   | 1,942,677   | 1,217,681   |
| 10.0   | Composite of Accts. 871-879 & 886-893                 | %      | 100.0000%        | 40.4137%    | 36.6278%    | 22.9585%    |
|  | Internally Generated                                  | Values | 187,848,282      | -           | 115,893,456 | 71,954,825  |
| 12.0   | Composite of Accts. 374-379                           | %      | 100.0000%        | 0.0000%     | 61.6952%    | 38.3048%    |
|  | Internally Generated                                  | Values | 335,832,639      | 126,082,636 | 126,302,514 | 83,447,489  |
| 13.0   | Rate Base   | %      | 100.0000%        | 37.5433%    | 37.6088%    | 24.8479%    |
|  | Internally Generated                                  | Values | 8,877,211        | 4,669,184   | 2,586,777   | 1,621,251   |
| 17.0   | Composite of Accts. 870-902, 905-916, 924 & 928-930.1 | %      | 100.0000%        | 52.5974%    | 29.1395%    | 18.2631%    |
|  |   | Values | 0                | 0           | 0           | 0           |
| 99.0   | -   | %      | 0.0000%          | 0.0000%     | 0.0000%     | 0.0000%     |

| Atmos Energy Corporation, Kentucky/Mid-States Division   |   |         |                          |                         |                         |                             |                        |                         |
|--|---|---------|--------------------------|-------------------------|-------------------------|-----------------------------|------------------------|-------------------------|
| Class Cost of Service - Demand/Commodity Study           |   |         |                          |                         |                         |                             |                        |                         |
| Forecasted Test Period: Twelve Months Ended May 31, 2017 |   |         |                          |                         |                         |                             |                        |                         |
| ALLOCATION FACTORS                                       |   |         |                          |                         |                         |                             |                        |                         |
|  |   |         | Total Company            | Residential Sales       | Non-Res Sales Firm      | Non-Res Sales Interruptible | Transport Firm         | Transport Interruptible |
| 1.0  | Input Mcf   | Value % | 32,865,246<br>100.0000%  | 10,336,507<br>31.4512%  | 6,783,219<br>20.6395%   | 328,781<br>1.0004%          | 7,371,859<br>22.4306%  | 8,044,870<br>24.4784%   |
| 1.2  | Input Sales Mcf   | Value % | 17,448,506<br>100.0000%  | 10,336,507<br>59.2401%  | 6,783,219<br>38.8756%   | 328,781<br>1.8843%          | 0.0000%                | 0.0000%                 |
| 1.5  | Input Winter Volumes  | Value % | 20,309,774<br>100.0000%  | 7,951,855<br>39.1519%   | 4,793,963<br>23.6042%   | 150,910<br>0.7430%          | 3,746,829<br>18.4484%  | 3,666,427<br>18.0525%   |
| 2.0  | Input Bills   | Value % | 2,105,371<br>100.0000%   | 1,674,037<br>89.0122%   | 228,869<br>10.8707%     | 137<br>0.0065%              | 1,476<br>0.0701%       | 852<br>0.0405%          |
| 2.2  | Input Non-Residential Bills   | Value % | 231,394<br>100.0000%     | 0<br>0.0000%            | 228,869<br>98.9344%     | 137<br>0.0592%              | 1,476<br>0.6380%       | 852<br>0.3683%          |
| 3.0  | Input Peak Day  | Value % | 235,067<br>100.0000%     | 126,949<br>54.0049%     | 70,836<br>30.1346%      | 0<br>0.0000%                | 37,283<br>15.8605%     | 0<br>0.0000%            |
| 4.0  | Input Meter Investment  | Value % | 11,759,369<br>100.0000%  | 7,026,701<br>59.7591%   | 4,378,616<br>37.2383%   | 19,418<br>0.1651%           | 211,831<br>1.8015%     | 121,803<br>1.0359%      |
| 4.2  | Input Direct to Residential   | Value % | 1<br>100.0000%           | 1<br>100.0000%          | 0<br>0.0000%            | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.4  | Input Direct to Non-Res Firm Sales                                  | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 1<br>100.0000%          | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.6  | Input Direct to Non-Res Interruptible Sales                         | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 1<br>100.0000%              | 0<br>0.0000%           | 0<br>0.0000%            |
| 4.8  | Input Direct to Firm Transport                                      | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 0<br>0.0000%                | 1<br>100.0000%         | 0<br>0.0000%            |
| 5.0  | Input Direct to Interruptible Transport                             | Value % | 1<br>100.0000%           | 0<br>0.0000%            | 0<br>0.0000%            | 0<br>0.0000%                | 0<br>0.0000%           | 1<br>100.0000%          |
| 6.0  | Internally Generated P, S, T & D Plant                              | Value % | 610,183,156<br>100.0000% | 297,174,921<br>58.2497% | 132,060,351<br>25.8848% | 1,161,374<br>0.2278%        | 54,430,018<br>10.8887% | 25,356,491<br>4.9701%   |
| 6.2  | Internally Generated P, S, T & D Plant - Customer                   | Value % | 218,538,374<br>100.0000% | 161,927,134<br>74.0855% | 53,565,445<br>24.5108%  | 167,632<br>0.0767%          | 1,827,238<br>0.8381%   | 1,050,924<br>0.4809%    |
| 6.4  | Internally Generated P, S, T & D Plant - Demand                     | Value % | 190,289,440<br>100.0000% | 102,765,687<br>54.0049% | 57,342,898<br>30.1346%  | 0<br>0.0000%                | 30,180,858<br>15.8605% | 0<br>0.0000%            |
| 6.6  | Internally Generated P, S, T & D Plant - Commodity                  | Value % | 101,355,342<br>100.0000% | 32,482,100<br>32.0477%  | 21,152,008<br>20.8692%  | 993,742<br>0.9805%          | 22,421,925<br>22.1221% | 24,305,586<br>23.9865%  |
| 7.0  | Internally Generated Allocated O&M Expenses                         | Value % | 104,852,756<br>100.0000% | 63,481,855<br>60.5438%  | 36,788,839<br>35.0843%  | 1,146,608<br>1.0935%        | 2,287,769<br>2.1819%   | 1,149,898<br>1.0935%    |
| 7.2  | Internally Generated Allocated O&M Expenses - Cust                  | Value % | 13,355,249<br>100.0000%  | 10,706,013<br>80.1633%  | 2,528,985<br>18.9363%   | 6,621<br>0.0498%            | 72,135<br>0.5401%      | 41,485<br>0.3107%       |
| 7.4  | Internally Generated Allocated O&M Expenses - Demand                | Value % | 7,545,643<br>100.0000%   | 4,075,020<br>54.0049%   | 2,273,847<br>30.1346%   | 0<br>0.0000%                | 1,196,777<br>15.8605%  | 0<br>0.0000%            |
| 7.6  | Internally Generated Allocated O&M Expenses - Comm                  | Value % | 83,951,874<br>100.0000%  | 48,700,822<br>58.0104%  | 31,984,006<br>38.0880%  | 1,139,986<br>1.3579%        | 1,018,857<br>1.2136%   | 1,108,202<br>1.3200%    |
| 8.0  | Input Customer Deposit Balances                                     | Value % | 34,046,761<br>100.0000%  | 24,135,339<br>70.8866%  | 9,911,423<br>29.1112%   | 0<br>0.0000%                | 0<br>0.0000%           | 0<br>0.0000%            |
| 9.0  | Internally Generated Allocated Net Plant                            | Value % | 387,713,350<br>100.0000% | 222,650,931<br>57.4783% | 98,325,862<br>25.3605%  | 958,093<br>0.2471%          | 44,106,714<br>11.3761% | 21,471,751<br>5.5380%   |
| 9.2  | Internally Generated Allocated Net Plant - Cust                     | Value % | 151,304,044<br>100.0000% | 114,233,925<br>75.4996% | 35,122,244<br>23.2130%  | 107,212<br>0.0708%          | 1,168,559<br>0.7723%   | 672,104<br>0.4442%      |
| 9.4  | Internally Generated Allocated Net Plant - Demand                   | Value % | 149,829,886<br>100.0000% | 80,915,530<br>54.0049%  | 45,160,586<br>30.1346%  | 0<br>0.0000%                | 23,763,768<br>15.8605% | 0<br>0.0000%            |
| 9.6  | Internally Generated Allocated Net Plant - Comm                     | Value % | 86,579,422<br>100.0000%  | 27,701,475<br>31.9954%  | 18,053,032<br>20.8514%  | 850,881<br>0.9828%          | 19,174,387<br>22.1466% | 20,799,647<br>24.0235%  |
| 10.0   | Internally Generated Composite of Accts. 871-879 & 886-893          | Value % | 5,303,837<br>100.0000%   | 3,012,789<br>56.8039%   | 1,368,065<br>25.7939%   | 13,914<br>0.2623%           | 600,138<br>11.3152%    | 308,931<br>5.8247%      |
| 10.2   | Internally Generated Composite of Accts. 871-879 & 886-893 - Cust   | Value % | 2,143,480<br>100.0000%   | 1,580,672<br>73.7433%   | 531,325<br>24.7880%     | 1,733<br>0.0808%            | 18,887<br>0.8811%      | 10,663<br>0.5068%       |
| 10.4   | Internally Generated Composite of Accts. 871-879 & 886-893 - Demand | Value % | 1,942,677<br>100.0000%   | 1,049,142<br>54.0049%   | 585,417<br>30.1346%     | 0<br>0.0000%                | 308,118<br>15.8605%    | 0<br>0.0000%            |
| 10.6   | Internally Generated Composite of Accts. 871-879 & 886-893 - Comm   | Value % | 1,217,681<br>100.0000%   | 382,975<br>31.4512%     | 251,323<br>20.6395%     | 12,182<br>1.0004%           | 273,133<br>22.4306%    | 298,068<br>24.4784%     |
| 11.0   | Internally Generated Composite of Accts. 376 & 380                  | Value % | 254,117,899<br>100.0000% | 148,684,347<br>58.5888% | 55,304,272<br>21.7633%  | 683,770<br>0.2691%          | 32,505,609<br>12.8309% | 16,639,610<br>6.5480%   |
| 11.2   | Internally Generated Composite of Accts. 376 & 380 - Cust           | Value % | 76,986,882<br>100.0000%  | 68,527,537<br>89.0122%  | 8,389,007<br>10.8707%   | 6,010<br>0.0065%            | 53,973<br>0.0701%      | 31,155<br>0.0405%       |
| 11.4   | Internally Generated Composite of Accts. 376 & 380 - Demand         | Value % | 109,281,352<br>100.0000% | 59,017,322<br>54.0049%  | 32,931,462<br>30.1346%  | 0<br>0.0000%                | 17,332,588<br>15.8605% | 0<br>0.0000%            |



## SUMMARY OF ALTERNATIVE CLASS COST OF SERVICE STUDIES

| Line No. |                                     | Return at Present Rates | Customer/Demand Study            |   |                        |
|----------|-------------------------------------|-------------------------|----------------------------------|---|------------------------|
|          |                                     |                         | Relative Return at Present Rates | Increase Needed for Equalized Proposed Return | Customer-Related Costs |
| 1        | Total Company                       | 7.52%                   | 1.00                             | \$ 3,307,688                                  | \$ 29.63               |
| 2        | Residential Sales                   | 4.58%                   | 0.61                             | \$ 13,831,823                                 | \$ 26.76               |
| 3        | Non-Residential Firm Sales          | 8.55%                   | 1.14                             | \$ (535,382)                                  | \$ 51.26               |
| 4        | Non-Residential Interruptible Sales | 74.35%                  | 9.88                             | \$ (278,020)                                  | \$ 213.77              |
| 5        | Firm Transport                      | 18.06%                  | 2.40                             | \$ (3,308,054)                                | \$ 214.81              |
| 6        | Interruptible Transport             | 135.82%                 | 18.06                            | \$ (6,402,679)                                | \$ 191.26              |

| Line No. |                                     | Return at Present Rates | Demand-Only Study                |   |                        |
|----------|-------------------------------------|-------------------------|----------------------------------|---|------------------------|
|          |                                     |                         | Relative Return at Present Rates | Increase Needed for Equalized Proposed Return | Customer-Related Costs |
| 7        | Total Company                       | 7.52%                   | 1.00                             | \$ 3,307,688                                  | \$ 19.68               |
| 8        | Residential Sales                   | 6.22%                   | 0.83                             | \$ 6,450,803                                  | \$ 16.79               |
| 9        | Non-Residential Firm Sales          | 5.80%                   | 0.77                             | \$ 3,526,255                                  | \$ 41.36               |
| 10       | Non-Residential Interruptible Sales | 76.21%                  | 10.13                            | \$ (279,392)                                  | \$ 207.50              |
| 11       | Firm Transport                      | 8.08%                   | 1.07                             | \$ 21,232                                     | \$ 214.77              |
| 12       | Interruptible Transport             | 137.51%                 | 18.28                            | \$ (6,411,211)                                | \$ 194.96              |

| Line No. |                                     | Return at Present Rates | Demand/Commodity Study           |   |                        |
|----------|-------------------------------------|-------------------------|----------------------------------|---|------------------------|
|          |                                     |                         | Relative Return at Present Rates | Increase Needed for Equalized Proposed Return | Customer-Related Costs |
| 13       | Total Company                       | 7.52%                   | 1.00                             | \$ 3,307,688                                  | \$ 19.68               |
| 14       | Residential Sales                   | 7.23%                   | 0.96                             | \$ 2,787,083                                  | \$ 16.79               |
| 15       | Non-Residential Firm Sales          | 6.71%                   | 0.89                             | \$ 1,983,838                                  | \$ 41.35               |
| 16       | Non-Residential Interruptible Sales | 15.76%                  | 2.10                             | \$ (116,884)                                  | \$ 210.45              |
| 17       | Firm Transport                      | 6.41%                   | 0.85                             | \$ 1,088,504                                  | \$ 216.57              |
| 18       | Interruptible Transport             | 15.65%                  | 2.08                             | \$ (2,434,853)                                | \$ 206.55              |



SUMMARY OF ALTERNATIVE CLASS COST OF SERVICE STUDIES

Revenue Increase Needed for Equalized Proposed Return

| Line No. |                                     | Minimum Revenue Increase Indicated | Maximum Revenue Increase Indicated | Average Revenue Increase Indicated | Proposed Revenue Increase |
|----------|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------------|
| 1        | Total Company                       | \$ 3,307,688                       | \$ 3,307,688                       | \$ 3,307,688                       | \$ 3,307,646              |
| 2        | Residential Sales                   | \$ 2,787,083                       | \$ 13,831,823                      | \$ 7,689,903                       | \$ 1,980,960              |
| 3        | Non-Residential Firm Sales          | \$ (535,382)                       | \$ 3,526,255                       | \$ 1,658,237                       | \$ 837,524                |
| 4        | Non-Residential Interruptible Sales | \$ (279,392)                       | \$ (116,884)                       | \$ (224,765)                       | \$ 23,940                 |
| 5        | Firm Transport                      | \$ (3,308,054)                     | \$ 1,088,504                       | \$ (732,772)                       | \$ 375,096                |
| 6        | Interruptible Transport             | \$ (6,411,211)                     | \$ (2,434,853)                     | \$ (5,082,914)                     | \$ 90,126                 |

Customer-Related Costs at Equalized Proposed Return

|  | Minimum Customer-Related Cost Indicated | Maximum Customer-Related Cost Indicated | Average Customer-Related Cost Indicated | Proposed Customer-Related Cost |
|--|---|---|---|--------------------------------|
| 7 Total Company                        | \$ 19.68                                | \$ 29.63                                | \$ 23.00                                | -                              |
| 8 Residential Sales                    | \$ 16.79                                | \$ 26.76                                | \$ 20.11                                | \$ 18.25                       |
| 9 Non-Residential Firm Sales           | \$ 41.35                                | \$ 51.26                                | \$ 44.66                                | \$ 45.00                       |
| 10 Non-Residential Interruptible Sales | \$ 207.50                               | \$ 213.77                               | \$ 210.57                               | \$ 375.00                      |
| 11 Firm Transport                      | \$ 214.77                               | \$ 216.57                               | \$ 215.38                               | \$ 375.00                      |
| 12 Interruptible Transport             | \$ 191.26                               | \$ 206.55                               | \$ 197.59                               | \$ 375.00                      |