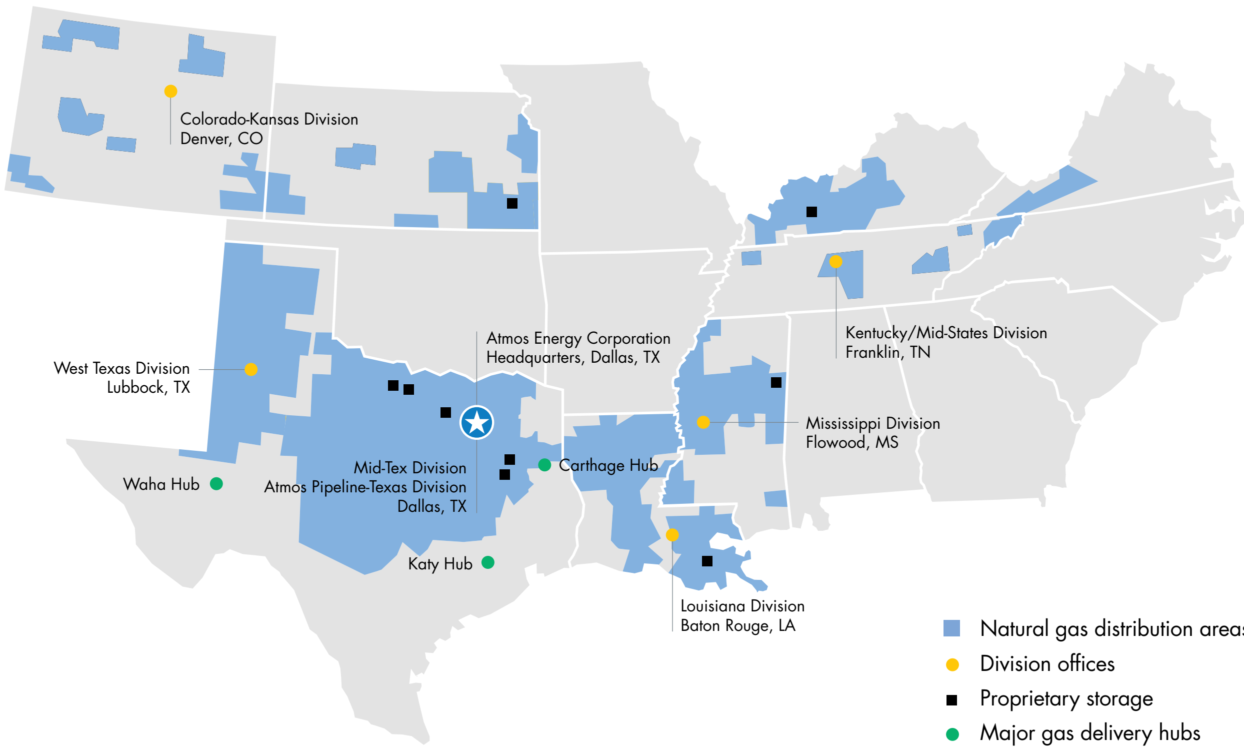
CASE NO. 2021-00214
FR 16(7)(l)
ATTACHMENT 1

ATMOS ENERGY CORPORATION

2020 Annual Report

Atmos Energy at a Glance

Delivering safe, clean and affordable natural gas to more than 3 million homes and businesses



Financial Highlights

3 million	Regulated distribution assets in eight states serving more than 3 million customers.
$11B to $12B	Projected annual capital expenditures of about $11 billion to $12 billion through fiscal 2025; over 80% spent on safety and reliability.
90% | 99%	Earning on about 90% of annual capital expenditures within 6 months and on 99% within 12 months.
6% to 8%	6% to 8% forecasted earnings and dividends per share growth through fiscal 2025.
36 years	18 consecutive years of annual EPS growth; 36 consecutive years of annual dividend growth.

ON THE COVER: Frank is a Colorado native who enjoys spending time with his family outdoors and volunteering at the Guadalupe Center in Greeley.

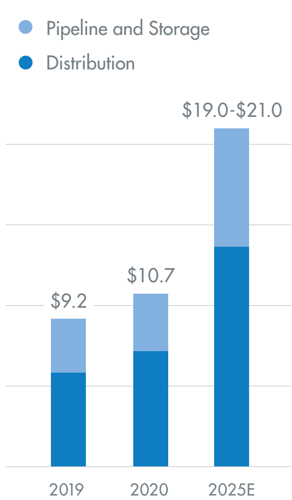
Earnings Growth

Through System and Business Modernization

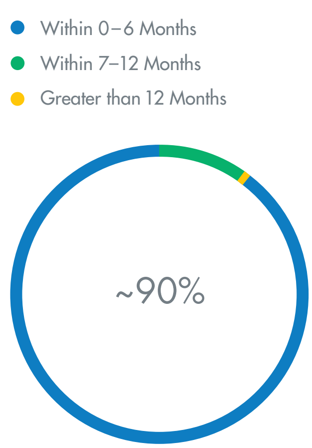
Constructive Regulatory Mechanisms Support System and Business Modernization

$11 billion to $12 billion in capital investments through 2025; >80% allocated to safety + Constructive rate mechanisms reducing regulatory lag = 6% to 8% consolidated EPS growth

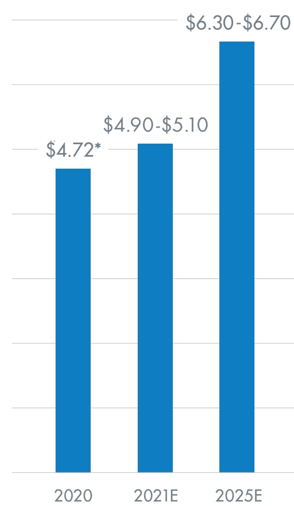
RATE BASE (IN BILLIONS)



EARNING ON ANNUAL INVESTMENTS



EARNINGS PER SHARE



Fiscal 2020 by the Numbers

$580.5 million*	$4.72 EPS*	$1.9 billion	$2.30 share	$95.59 share
Adjusted net income for the fiscal year was $580.5 million,* compared to $511.4 million in fiscal 2019.	Adjusted earnings per diluted share in fiscal 2020 went up 37 cents, or 8.5 percent, to $4.72,* marking our 18th consecutive annual increase.	In fiscal 2020 we spent $1.9 billion to modernize our natural gas distribution and transmission systems.	Dividends paid in fiscal 2020 were $2.30 per share.	Our stock closed at $95.59 on September 30, 2020.

*Adjusted net income and adjusted earnings per diluted share are Non-GAAP measures. See reconciliation on Page 2.

In fiscal 2020, Atmos Energy continued our journey to being the safest provider of natural gas services. We invested $1.9 billion with about 88 percent of the capital investment dedicated to safety and reliability projects. These investments not only improved the safety of our assets but also our environmental footprint. And, although our capital spending has increased, our average monthly bill remains one of the most affordable utility bills in the household.

845 miles	We replaced approximately 845 miles of natural gas distribution and transmission pipelines to make our system even safer and more reliable.
54,000 lines	We replaced more than 54,000 service lines.
226,000 hours	We conducted 226,000 hours of safety and technical and other training in order to continue to provide safe and reliable service.
8.5 percent	Adjusted earnings per diluted share increased 8.5 percent, to $4.72 for fiscal 2020 marking our 18th consecutive annual increase. Adusted net income for the fiscal year was $580 million, compared to $511 million in fiscal 2019.
$2.30 per share	Dividends paid in fiscal 2020 were $2.30 per share. In November 2020, the Board of Directors continued our trend of consecutive annual dividend increases for the 37th consecutive year by raising the indicated rate by 8.7 percent for fiscal 2021 to $2.50 per share.

Non-GAAP Reconciliation—Adjusted Net Income and Earnings Per Diluted Share

(in thousands, except per share data)	2020	2019
Net income	$ 601,443	$ 511,406
Non-cash income tax benefit	(20,962)	—
Adjusted net income	$ 580,481	$ 511,406
Diluted net income per share	$ 4.89	$ 4.35
Diluted EPS from non-cash income tax benefit	(0.17)	—
Adjusted diluted net income per share	$ 4.72	$ 4.35

Letter To Our Stakeholders

For the 9th consecutive year, we executed our proven strategy which focused on operating safely and reliably while we modernize our natural gas distribution, transmission, and storage systems. Fiscal 2020 brought unprecedented challenges to our country and the communities we serve, but the resilience and adaptability of our 4,700 employees allowed us to successfully execute our plan. They quickly transitioned to a remote working environment due to the COVID-19 pandemic, and their skill, innovation, and teamwork positioned us to continue to be the safest provider of natural gas services. We invested $1.9 billion with approximately 88 percent of that capital investment dedicated to safety and reliability projects. We also replaced 845 miles of distribution and transmission mains and over 54,000 service lines. As a result, our system is safer and our company is stronger.

Kim R. Cocklin
Executive Chairman of the Board

J. Kevin Akers
President and Chief Executive Officer

November 13, 2020

Fueling safe and thriving communities

We a play a vital role in every community we serve through our safe delivery of natural gas service. But equally as important, is our time our talent and our resources invested in bringing out the best in our communities so they can thrive. In fiscal 2020, we rebranded our corporate philanthropic activities under a new program called Fueling Safe and Thriving Communities. This program focuses on three primary areas: students, community heroes and our most vulnerable neighbors. We donated $14 million in fiscal 2020 to support our friends and neighbors in need throughout our 1,400 communities through our Fueling Safe and Thriving Communities Program. Our donations supported local food banks and meal programs in schools across our eight-state footprint, delivered over 12,000 meals to healthcare workers and first responders, and provided support to agencies that help eligible customers stay warm with financial assistance to pay their gas bill.

Financial performance

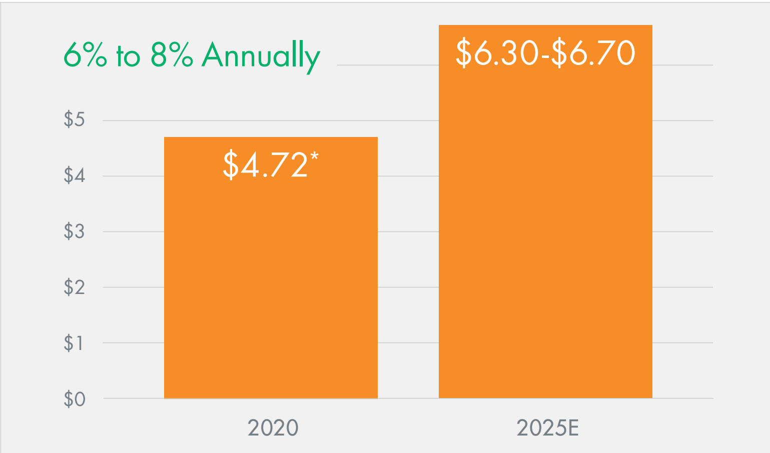
Adjusted earnings per diluted share for fiscal 2020 was $4.72,* an 8.5 percent increase compared to fiscal 2019 and our eighteenth consecutive annual increase. Adjusted net income was $580 million,* of which our distribution operations contributed 66 percent. During fiscal 2020, rate relief increased our operating income by $140 million and we benefited from net customer growth exceeding one percent. The impact of the pandemic on our fiscal 2020 financial results was limited because it began to impact our business after the winter heating season was complete.

We raised over $1.6 billion of debt and equity financing in fiscal 2020 that we used to support our capital spending program and strengthen our financial profile. Additionally, we added $700 million in credit facilities to ensure we have ample liquidity. At September 30, 2020, our balance sheet had an equity-to-capital ratio of 60.0 percent compared to 59.0 percent as of the fiscal 2019 year-end and we had $2.6 billion in liquidity on hand to meet anticipated financial needs.

* Adjusted net income and adjusted earnings per diluted share are Non-GAAP measures. See reconciliation on Page 2.

Investing in Safety

Investments Drive Rate Base Growth which Drives Earnings per Share Growth



Key Assumptions

- Capital expenditures of $11 billion – $12 billion through fiscal 2025, financed with a blend of long-term debt and equity
- Maintain existing regulatory mechanisms for infrastructure investment
- Normal weather
- O&M expense inflation rate of 3.0% - 3.5% annually
- Approximately $6.5 billion to $7.5 billion of incremental financing through fiscal 2025

*Adjusted net income and adjusted earnings per diluted share are Non-GAAP measures. See reconciliation on Page 2.

The execution of our strategy has supported consistent financial performance over a long period of time. Our consistent financial performance was recognized in October 2020 when we were selected to join the Dow Jones Utility Average index.

Outlook

System modernization is an ongoing effort that requires significant capital investments and partnering closely with regulators and customers to achieve balanced regulatory constructs. Our portfolio of regulatory mechanisms provides for the accelerated recovery of investments in safety that support our ability to continue to increase our capital spending. In addition, replacing pipelines reduces leaks and methane emissions. Continuing to modernize our system helps us achieve our goal to replace cast iron and unprotected steel mains at an annual rate of 1.5 percent, and to achieve our goal of reducing methane emissions by 50 percent from 2017 to 2035 in our distribution system.

Our capital spending for fiscal 2021 is forecast to be between $2.0 billion and $2.2 billion. We expect our capital expenditures through fiscal 2025 will be about $11 billion to $12 billion. Our total rate base is expected to grow from approximately $10.7 billion at the end of fiscal 2020 to between $19 billion and $21 billion by the end of fiscal 2025. Accordingly, we project that earnings per diluted share and dividends per share will increase at an annual growth rate of between 6 percent and 8 percent through fiscal 2025.

Our guidance for earnings per diluted share in fiscal 2021 ranges between $4.90 and $5.10. Net income is forecast to be between $635 million and $665 million in fiscal 2021.

Leadership update

Atmos Energy is pleased to have added Franklin H. Yoho to our Board of Directors effective May 1, 2020. Mr. Yoho was formerly Executive Vice President and President of the natural gas business for Duke Energy where he oversaw the company's natural gas operations for the five-state regulated natural gas utility and was a member of Duke Energy's Senior Management Committee. Mr. Yoho has over 35 years experience in the natural gas industry, including senior leadership roles at Duke Energy, Piedmont Natural Gas, and Public Service Company of North Carolina. He previously served on the boards of the American Gas Association, Southern Gas Association, the advisory board for the Energy Production and Infrastructure Center (EPIC) at UNC Charlotte, and the board of trustees for the Institute of Gas Technology. His experience will add significant value and important thought diversity to our Board as we continue on our journey to becoming the nation's safest provider of natural gas services.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-10042

Atmos Energy Corporation

(Exact name of registrant as specified in its charter)

Texas and Virginia	**75-1743247**
(State or other jurisdiction of incorporation or organization)	*(IRS employer identification no.)*
1800 Three Lincoln Centre 5430 LBJ Freeway Dallas, Texas	**75240**
(Address of principal executive offices)	*(Zip code)*

Registrant's telephone number, including area code:
(972) 934-9227

Securities registered pursuant to Section 12(b) of the Act:

Table of each class	Trading Symbol	Name of each exchange on which registered
Common stock No Par Value	ATO	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the common voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, March 31, 2020, was $11,938,304,144.

As of November 6, 2020, the registrant had 125,889,456 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement to be filed for the Annual Meeting of Shareholders on February 3, 2021 are incorporated by reference into Part III of this report.

TABLE OF CONTENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

GLOSSARY OF KEY TERMS

Adjusted diluted net income per share	Non-GAAP measure defined as diluted net income per share before the one-time, non-cash income tax benefit
Adjusted net income	Non-GAAP measure defined as net income before the one-time, non-cash income tax benefit
AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income
ARM	Annual Rate Mechanism
ATO	Trading symbol for Atmos Energy Corporation common stock on the NYSE
Bcf	Billion cubic feet
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DARR	Dallas Annual Rate Review
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GRIP	Gas Reliability Infrastructure Program
GSRS	Gas System Reliability Surcharge
LIBOR	London Interbank Offered Rate
LTIP	1998 Long-Term Incentive Plan
Mcf	Thousand cubic feet
MDWQ	Maximum daily withdrawal quantity
Mid-Tex ATM Cities	Represents a coalition of 47 incorporated cities or approximately 10 percent of the Mid-Tex Division's customers.
Mid-Tex Cities	Represents all incorporated cities other than Dallas and Mid-Tex ATM Cities, or approximately 72 percent of the Mid-Tex Division's customers.
MMcf	Million cubic feet
Moody's	Moody's Investor Service, Inc.
NGA	Natural Gas Act of 1938
NTSB	National Transportation Safety Board
NYSE	New York Stock Exchange
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Pension Protection Act of 2006
PRP	Pipeline Replacement Program
RRC	Railroad Commission of Texas
RRM	Rate Review Mechanism
RSC	Rate Stabilization Clause
S&P	Standard & Poor's Corporation
SAVE	Steps to Advance Virginia Energy
SEC	United States Securities and Exchange Commission
SGR	Supplemental Growth Rider
SIR	System Integrity Rider
SRF	Stable Rate Filing
SSIR	System Safety and Integrity Rider
TCJA	Tax Cuts and Jobs Act of 2017
WNA	Weather Normalization Adjustment

PART I

The terms "we," "our," "us", "Atmos Energy" and the "Company" refer to Atmos Energy Corporation and its subsidiaries, unless the context suggests otherwise.

ITEM 1. *Business.*

Overview and Strategy

Atmos Energy Corporation, headquartered in Dallas, Texas, and incorporated in Texas and Virginia, is the country's largest natural-gas-only distributor based on number of customers. We safely deliver reliable, affordable, efficient and abundant natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states located primarily in the South. We also operate one of the largest intrastate pipelines in Texas based on miles of pipe.

Atmos Energy's vision is to be the safest provider of natural gas services. We intend to achieve this vision by:

- operating our business exceptionally well
- investing in our people and infrastructure
- enhancing our culture.

Since 2011, our operating strategy has focused on modernizing our distribution and transmission system to improve safety and reliability. This operating strategy also allows us to reduce methane emissions from our system. Since that time, our capital expenditures have increased approximately 14 percent annually. Additionally, during this period, we have added new or modified existing regulatory mechanisms to reduce regulatory lag.

Our core values include focusing on our employees and customers while conducting our business with honesty and integrity. We continue to strengthen our culture through ongoing communications with our employees and enhanced employee training.

Operating Segments

As of September 30, 2020, we manage and review our consolidated operations through the following reportable segments:

- The *distribution segment* is primarily comprised of our regulated natural gas distribution and related sales operations in eight states.
- The *pipeline and storage segment* is comprised primarily of the pipeline and storage operations of our Atmos Pipeline-Texas division and our natural gas transmission operations in Louisiana.

Distribution Segment Overview

The following table summarizes key information about our six regulated natural gas distribution divisions, presented in order of total rate base.

Division	Service Areas	Communities Served	Customer Meters
Mid-Tex	Texas, including the Dallas/Fort Worth Metroplex	550	1,751,898
Kentucky/Mid-States	Kentucky	230	182,639
	Tennessee		156,820
	Virginia		24,493
Louisiana	Louisiana	270	368,332
West Texas	Amarillo, Lubbock, Midland	80	320,085
Mississippi	Mississippi	110	267,482
Colorado-Kansas	Colorado	170	123,423
	Kansas		138,009

We operate in our service areas under terms of non-exclusive franchise agreements granted by the various cities and towns that we serve. At September 30, 2020, we held 1,023 franchises having terms generally ranging from five to 35 years. A significant number of our franchises expire each year, which require renewal prior to the end of their terms. Historically, we have successfully renewed these franchises and believe that we will continue to be able to renew our franchises as they expire.

Revenues in this operating segment are established by regulatory authorities in the states in which we operate. These rates are intended to be sufficient to cover the costs of conducting business, including a reasonable return on invested capital. In addition, we transport natural gas for others through our distribution systems.

Rates established by regulatory authorities often include cost adjustment mechanisms for costs that (i) are subject to significant price fluctuations compared to our other costs, (ii) represent a large component of our cost of service and (iii) are generally outside our control.

Purchased gas cost adjustment mechanisms represent a common form of cost adjustment mechanism. Purchased gas cost adjustment mechanisms provide a method of recovering purchased gas costs on an ongoing basis without filing a rate case because they provide a dollar-for-dollar offset to increases or decreases in the cost of natural gas. Therefore, although substantially all of our distribution operating revenues fluctuate with the cost of gas that we purchase, distribution operating income is generally not affected by fluctuations in the cost of gas.

Additionally, some jurisdictions have performance-based ratemaking adjustments to provide incentives to minimize purchased gas costs through improved storage management and use of financial instruments to reduce volatility in gas costs. Under the performance-based ratemaking adjustments, purchased gas costs savings are shared between the Company and its customers.

Our supply of natural gas is provided by a variety of suppliers, including independent producers, marketers and pipeline companies, withdrawals of gas from proprietary and contracted storage assets and peaking and spot purchase agreements, as needed.

Supply arrangements consist of both base load and swing supply (peaking) quantities and are contracted from our suppliers on a firm basis with various terms at market prices. Base load quantities are those that flow at a constant level throughout the month and swing supply quantities provide the flexibility to change daily quantities to match increases or decreases in requirements related to weather conditions.

Except for local production purchases, we select our natural gas suppliers through a competitive bidding process by periodically requesting proposals from suppliers that have demonstrated that they can provide reliable service. We select these suppliers based on their ability to deliver gas supply to our designated firm pipeline receipt points at the lowest reasonable cost. Major suppliers during fiscal 2020 were Castleton Commodities Merchant Trading L.P., CenterPoint Energy Services, Inc., ConocoPhillips Company, Devon Gas Services, L.P., EnLink Gas Marketing LP, Hartree Partners, L.P., Symmetry Energy Solutions, LLC, Targa Gas Marketing LLC, Texla Energy Management, Inc. and Twin Eagle Resources Management, LLC.

The combination of base load, peaking and spot purchase agreements, coupled with the withdrawal of gas held in storage, allows us the flexibility to adjust to changes in weather, which minimizes our need to enter into long-term firm commitments. We estimate our peak-day availability of natural gas supply to be approximately 4.4 Bcf. The peak-day demand for our distribution operations in fiscal 2020 was on November 12, 2019, when sales to customers reached approximately 2.7 Bcf.

Currently, our distribution divisions utilize 37 pipeline transportation companies, both interstate and intrastate, to transport our natural gas. The pipeline transportation agreements are firm and many of them have "pipeline no-notice" storage service, which provides for daily balancing between system requirements and nominated flowing supplies. These agreements have been negotiated with the shortest term necessary while still maintaining our right of first refusal. The natural gas supply for our Mid-Tex Division is delivered primarily by our APT Division.

To maintain our deliveries to high priority customers, we have the ability, and have exercised our right, to curtail deliveries to certain customers under the terms of interruptible contracts or applicable state regulations or statutes. Our customers' demand on our system is not necessarily indicative of our ability to meet current or anticipated market demands or immediate delivery requirements because of factors such as the physical limitations of gathering, storage and transmission systems, the duration and severity of cold weather, the availability of gas reserves from our suppliers, the ability to purchase additional supplies on a short-term basis and actions by federal and state regulatory authorities. Curtailment rights provide us the flexibility to meet the human-needs requirements of our customers on a firm basis. Priority allocations imposed by federal and state regulatory agencies, as well as other factors beyond our control, may affect our ability to meet the demands of our customers. We do not anticipate any problems with obtaining additional gas supply as needed for our customers.

Pipeline and Storage Segment Overview

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

Revenues earned from transportation and storage services for APT are subject to traditional ratemaking governed by the RRC. Rates are updated through periodic filings made under Texas' GRIP. GRIP allows us to include in our rate base annually approved capital costs incurred in the prior calendar year provided that we file a complete rate case at least once every five years; the most recent of which was completed in August 2017. APT's existing regulatory mechanisms allow certain transportation and storage services to be provided under market-based rates.

Our natural gas transmission operations in Louisiana are comprised of a 21-mile pipeline located in the New Orleans, Louisiana area that is primarily used to aggregate gas supply for our distribution division in Louisiana under a long-term contract and, on a more limited basis, to third parties. The demand fee charged to our Louisiana distribution division for these services is subject to regulatory approval by the Louisiana Public Service Commission. We also manage two asset management plans in Louisiana that serve distribution affiliates of the Company, which have been approved by applicable state regulatory commissions. Generally, these asset management plans require us to share with our distribution customers a significant portion of the cost savings earned from these arrangements.

Ratemaking Activity

Overview

The method of determining regulated rates varies among the states in which our regulated businesses operate. The regulatory authorities have the responsibility of ensuring that utilities in their jurisdictions operate in the best interests of customers while providing utility companies the opportunity to earn a reasonable return on their investment. Generally, each regulatory authority reviews rate requests and establishes a rate structure intended to generate revenue sufficient to cover the costs of conducting business, including a reasonable return on invested capital.

Our rate strategy focuses on reducing or eliminating regulatory lag, obtaining adequate returns and providing stable, predictable margins, which benefit both our customers and the Company. As a result of our ratemaking efforts in recent years, Atmos Energy has:

- Formula rate mechanisms in place in four states that provide for an annual rate review and adjustment to rates.
- Infrastructure programs in place in all of our states that provide for an annual adjustment to rates for qualifying capital expenditures. Through our annual formula rate mechanisms and infrastructure programs, we have the ability to recover approximately 90 percent of our capital expenditures within six months and substantially all of our capital expenditures within twelve months.

- Authorization in tariffs, statute or commission rules that allows us to defer certain elements of our cost of service such as depreciation, ad valorem taxes and pension costs, until they are included in rates.
- WNA mechanisms in seven states that serve to minimize the effects of weather on approximately 97 percent of our distribution residential and commercial revenues.
- The ability to recover the gas cost portion of bad debts in five states.

The following table provides a jurisdictional rate summary for our regulated operations as of September 30, 2020. This information is for regulatory purposes only and may not be representative of our actual financial position.

Division	Jurisdiction	Effective Date of Last Rate/GRIP Action	Rate Base (thousands)(1)	Authorized Rate of Return(1)	Authorized Debt/Equity Ratio(1)	Authorized Return on Equity(1)
Atmos Pipeline — Texas . . .	Texas	05/20/2020	$2,698,343	8.87%	47/53	11.50%
Colorado-Kansas	Colorado	05/03/2018	134,726	7.55%	44/56	9.45%
	Colorado SSIR	01/01/2020	56,507	7.55%	44/56	9.45%
	Kansas	04/01/2020	242,314	7.03%	44/56	9.10%
	Kansas GSRS	05/01/2019	26,322	(4)	(4)	(4)
Kentucky/Mid-States	Kentucky	05/08/2019	424,929	7.49%	42/58	9.65%
. . . .	Kentucky-PRP	10/01/2019	27,315	7.49%	42/58	9.65%
. . . .	Tennessee	06/01/2019	389,061	7.79%	42/58	9.80%
. . . .	Virginia	04/01/2019	47,827	7.43%	42/58	9.20%
. . . .	Virginia-SAVE	10/01/2019	684	7.43%	42/58	9.20%
Louisiana	Louisiana	07/01/2020	747,021	7.57%	42/58	9.80%
Mid-Tex	Mid-Tex Cities(6)	10/01/2019	3,052,562(5)	7.83%	42/58	9.80%
	Mid-Tex - ATM Cities	06/01/2020	3,654,981(5)	7.97%	40/60	9.80%
	Mid-Tex - Environs	05/20/2020	3,654,985(5)	7.97%	40/60	9.80%
	Dallas	09/01/2020	3,510,508(5)	7.83%	40/60	9.80%
Mississippi	Mississippi(7)	11/01/2019	448,533	7.81%	(4)	(4)
	Mississippi - SIR(7)	11/01/2019	185,844	7.81%	(4)	(4)
West Texas	West Texas Cities(8) (10)	10/01/2019	591,513(9)	7.83%	42/58	9.80%
	West Texas - ALDC	04/28/2020	671,738(9)	8.57%	48/52	10.50%
	West Texas - Environs	06/16/2020	667,994(9)	7.97%	40/60	9.80%

Division	Jurisdiction	Bad Debt Rider(2)	Formula Rate	Infrastructure Mechanism	Performance Based Rate Program(3)	WNA Period
Atmos Pipeline — Texas	Texas	No	Yes	Yes	N/A	N/A
Colorado-Kansas	Colorado	No	No	Yes	No	N/A
	Kansas	Yes	No	Yes	Yes	October-May
Kentucky/Mid-States	Kentucky	Yes	No	Yes	Yes	November-April
	Tennessee	Yes	Yes	Yes	Yes	October-April
	Virginia	Yes	No	Yes	No	January-December
Louisiana	Louisiana	No	Yes	Yes	No	December-March
Mid-Tex Cities	Texas	Yes	Yes	Yes	No	November-April
Mid-Tex — Dallas	Texas	Yes	Yes	Yes	No	November-April
Mississippi	Mississippi	No	Yes	Yes	No	November-April
West Texas	Texas	Yes	Yes	Yes	No	October-May

(1) The rate base, authorized rate of return, authorized debt/equity ratio and authorized return on equity presented in this table are those from the most recent regulatory filing for each jurisdiction. These rate bases, rates of return, debt/equity ratios and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.

(2) The bad debt rider allows us to recover from ratepayers the gas cost portion of bad debts.

(3) The performance-based rate program provides incentives to distribution companies to minimize purchased gas costs by allowing the companies and their customers to share the purchased gas costs savings.

(4) A rate base, rate of return, return on equity or debt/equity ratio was not included in the respective state commission's final decision.

(5) The Mid-Tex rate base represents a "system-wide," or 100 percent, of the Mid-Tex Division's rate base.

(6) The Mid-Tex Cities approved the Formula Rate Mechanism filing with rates effective December 1, 2020, which included a rate base of $3,726.3 million, an authorized return of 7.53%, a debt/equity ratio of 42/58 and an authorized ROE of 9.80%.

(7) The Mississippi Public Service Commission approved a settlement at its meeting on October 6, 2020, which included a rate base of $721.6 million and an authorized return of 7.81%. New rates were implemented November 1, 2020.

(8) The West Texas Cities includes all West Texas Division cities except Amarillo, Channing, Dalhart and Lubbock (ALDC).

(9) The West Texas rate base represents a "system-wide," or 100 percent, of the West Texas Division's rate base.

(10) The West Texas Cities approved the Formula Rate Mechanism filing with rates effective December 1, 2020, which included a rate base of $660.9 million, an authorized return of 7.53%, a debt/equity ratio of 42/58 and an authorized ROE of 9.80%.

Although substantial progress has been made in recent years to improve rate design and recovery of investment across our service areas, we are continuing to seek improvements in rate design to address cost variations and pursue tariffs that reduce regulatory lag associated with investments. Further, potential changes in federal energy policy, federal safety regulations and changing economic conditions will necessitate continued vigilance by the Company and our regulators in meeting the challenges presented by these external factors.

Recent Ratemaking Activity

The amounts described in the following sections represent the annual operating income that was requested or received in each rate filing, which may not necessarily reflect the stated amount referenced in the final order, as certain operating costs may have changed as a result of the commission's or other governmental authority's final ruling. The following table summarizes the annualized ratemaking outcomes we implemented in each of the last three fiscal years.

Rate Action	Annual Increase (Decrease) to Operating Income For the Fiscal Year Ended September 30		
	2020	2019	2018
		(In thousands)	
Annual formula rate mechanisms	$160,857	$114,810	$ 92,472
Rate case filings	(1,057)	1,656	(12,853)
Other ratemaking activity	353	214	457
	$160,153	$116,680	$ 80,076

Additionally, the following ratemaking efforts seeking $131.9 million in annual operating income were initiated during fiscal 2020 but had not been completed or implemented as of September 30, 2020:

Division	Rate Action	Jurisdiction	Operating Income Requested
			(In thousands)
Kentucky/Mid-States	Infrastructure Mechanism	Virginia [1]	$ 410
Kentucky/Mid-States	Infrastructure Mechanism	Kentucky [2]	3,049
Mid-Tex	Formula Rate Mechanism	Mid-Tex Cities [3]	94,060
Mississippi	Infrastructure Mechanism	Mississippi [4]	10,526
Mississippi	Formula Rate Mechanism	Mississippi [4]	8,379
West Texas	Formula Rate Mechanism	West Texas Cities [5]	7,057
West Texas	Rate Case	Amarillo, Lubbock, Dalhart and Channing	8,406
			$131,887

(1) On August 21, 2020, the State Corporation Commission of Virginia approved a rate increase of $0.3 million effective October 1, 2020.

(2) On September 30, 2020, the Kentucky Public Service Commission approved a rate increase of $1.6 million effective October 1, 2020.

(3) The Mid-Tex Cities approved a rate increase of $82.6 million with new rates to be implemented on December 1, 2020.

(4) The Mississippi Public Service Commission approved an increase in operating income of $10.6 million for the SIR filing and $5.9 million for the SRF filing. New rates were implemented November 1, 2020.

(5) The West Texas Cities approved a rate increase of $5.6 million with new rates to be implemented on December 1, 2020.

Our recent ratemaking activity is discussed in greater detail below.

Annual Formula Rate Mechanisms

As an instrument to reduce regulatory lag, formula rate mechanisms allow us to refresh our rates on an annual basis without filing a formal rate case. However, these filings still involve discovery by the appropriate regulatory authorities prior to the final determination of rates under these mechanisms. The following table summarizes our annual formula rate mechanisms by state.

	Annual Formula Rate Mechanisms	
State	Infrastructure Programs	Formula Rate Mechanisms
Colorado	System Safety and Integrity Rider (SSIR)	—
Kansas	Gas System Reliability Surcharge (GSRS)	—
Kentucky	Pipeline Replacement Program (PRP)	—
Louisiana	(1)	Rate Stabilization Clause (RSC)
Mississippi	System Integrity Rider (SIR)	Stable Rate Filing (SRF)
Tennessee	(1)	Annual Rate Mechanism (ARM)
Texas	Gas Reliability Infrastructure Program (GRIP), (1)	Dallas Annual Rate Review (DARR), Rate Review Mechanism (RRM)
Virginia	Steps to Advance Virginia Energy (SAVE)	—

(1) Infrastructure mechanisms in Texas, Louisiana and Tennessee allow for the deferral of all expenses associated with capital expenditures incurred pursuant to these rules, which primarily consists of interest, depreciation and other taxes (Texas only), until the next rate proceeding (rate case or annual rate filing), at which time investment and costs would be recoverable through base rates.

The following table summarizes our annual formula rate mechanisms with effective dates during the fiscal years ended September 30, 2020, 2019 and 2018:

Division	Jurisdiction	Test Year Ended	Increase (Decrease) in Annual Operating Income	Effective Date
			(In thousands)	
2020 Filings:				
Mid-Tex	DARR	09/2019	$ 14,746	09/01/2020
Louisiana	Louisiana [(1)]	12/2019	14,781	07/01/2020
West Texas	Environs [(2)]	12/2019	1,031	06/16/2020
Kentucky/Mid-States	Tennessee ARM	05/2019	714	06/15/2020
Mid-Tex	ATM Cities [(2)]	12/2019	11,148	06/12/2020
Mid-Tex	Environs [(2)]	12/2019	4,440	05/20/2020
Atmos Pipeline - Texas	Texas	12/2019	49,251	05/20/2020
West Texas	Amarillo, Lubbock, Dalhart and Channing [(2)]	12/2019	5,937	04/28/2020
Colorado-Kansas	Colorado SSIR	12/2020	2,082	01/01/2020
Mississippi	Mississippi - SIR	10/2020	7,586	11/01/2019
Mississippi	Mississippi - SRF	10/2020	6,886	11/01/2019
Kentucky/Mid-States	Virginia - SAVE	09/2020	84	10/01/2019
Kentucky/Mid-States	Kentucky PRP	09/2020	2,912	10/01/2019
Mid-Tex	Mid-Tex RRM Cities	12/2018	34,380	10/01/2019
West Texas	West Texas Cities RRM	12/2018	4,879	10/01/2019
Total 2020 Filings			$160,857	
2019 Filings:				
Mid-Tex	ATM Cities	12/2018	$ 6,591	09/26/2019
Louisiana	LGS	12/2018	7,124	07/01/2019
Mid-Tex	Environs	12/2018	2,435	06/04/2019
West Texas	Environs	12/2018	1,005	06/04/2019
Mid-Tex	DARR	09/2018	9,452	06/01/2019
Kentucky/Mid-States	Tennessee ARM	05/2020	2,393	06/01/2019
Atmos Pipeline - Texas	Texas	12/2018	49,225	05/07/2019
West Texas	Amarillo, Lubbock, Dalhart and Channing	12/2018	5,692	05/01/2019
Colorado-Kansas	Kansas GSRS	12/2018	1,562	05/01/2019
Louisiana	Trans La	09/2018	4,719	04/01/2019
Colorado-Kansas	Colorado GIS	12/2019	87	04/01/2019
Colorado-Kansas	Colorado SSIR	12/2019	2,147	01/01/2019
Mississippi	Mississippi - SIR	10/2019	7,135	11/01/2018
Mississippi	Mississippi - SRF	10/2019	(118)	11/01/2018
Kentucky/Mid-States	Tennessee ARM	05/2019	(5,032)	10/15/2018
Mid-Tex	Mid-Tex RRM Cities	12/2017	17,633	10/01/2018
West Texas	West Texas Cities RRM	12/2017	2,760	10/01/2018
Total 2019 Filings			$114,810	

2018 Filings:				
Louisiana	LGS	12/2017	$ (1,521)	07/01/2018
West Texas	Amarillo, Lubbock, Dalhart and Channing	12/2017	4,418	06/08/2018
Mid-Tex	Environs	12/2017	1,604	06/05/2018
West Texas	Environs	12/2017	826	06/05/2018
Atmos Pipeline - Texas	Texas	12/2017	42,173	05/22/2018
Louisiana	Trans La	09/2017	(1,913)	05/01/2018
Colorado-Kansas	Kansas GSRS	09/2018	820	02/27/2018
Mississippi	Mississippi - SIR	10/2018	7,658	01/01/2018
Mississippi	Mississippi - SGR [3]	10/2018	1,245	01/01/2018
Mississippi	Mississippi - SRF [3]	10/2018	—	01/01/2018
Colorado-Kansas	Colorado SSIR	12/2018	2,228	12/20/2017
Atmos Pipeline - Texas	Texas	12/2016	28,988	12/05/2017
Kentucky/Mid-States	Kentucky - PRP	09/2018	5,638	10/27/2017
Kentucky/Mid-States	Virginia - SAVE	09/2017	308	10/01/2017
Total 2018 Filings			$ 92,472	

(1) Beginning in fiscal 2020, our Trans La and LGS filings were combined into one filing, per Commission order. These rates were implemented on July 1, 2020 subject to refund.

(2) The rate increases for our Texas GRIP filings were approved based on the effective date herein; however, the new rates were implemented beginning September 1, 2020.

(3) Beginning in fiscal 2019, our SGR rate base was combined with our SRF rate base, per Commission order.

Rate Case Filings

A rate case is a formal request from Atmos Energy to a regulatory authority to increase rates that are charged to customers. Rate cases may also be initiated when the regulatory authorities request us to justify our rates. This process is referred to as a “show cause” action. Adequate rates are intended to provide for recovery of the Company’s costs as well as a reasonable rate of return to our shareholders and ensure that we continue to safely deliver reliable, reasonably priced natural gas service to our customers.

The following table summarizes our recent rate cases:

Division	State	Increase (Decrease) in Annual Operating Income (In thousands)	Effective Date
2020 Rate Case Filings:			
West Texas (Triangle)	Texas	$ (808)	04/21/2020
Colorado-Kansas	Kansas	(249)	04/01/2020
Total 2020 Rate Case Filings		$ (1,057)	
2019 Rate Case Filings:			
Mid-Tex (ATM Cities)	Texas	$ 2,113	06/01/2019
Kentucky/Mid-States	Kentucky	3,441	05/08/2019
Kentucky/Mid-States	Virginia	(400)	04/01/2019
Mid-Tex (Environs)	Texas	(2,674)	01/01/2019
West Texas (Environs)	Texas	(824)	01/01/2019
Total 2019 Rate Case Filings		$ 1,656	
2018 Rate Case Filings:			
Colorado-Kansas	Colorado	$ (241)	05/03/2018
Kentucky/Mid-States	Kentucky	(7,504)	05/03/2018
Mid-Tex - City of Dallas	Texas	(5,108)	02/14/2018
Total 2018 Rate Case Filings		$(12,853)	

Other Ratemaking Activity

The following table summarizes other ratemaking activity during the fiscal years ended September 30, 2020, 2019 and 2018:

Division	Jurisdiction	Rate Activity	Increase in Annual Operating Income (In thousands)	Effective Date
2020 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem [(1)]	$353	02/01/2020
Total 2020 Other Rate Activity			$353	
2019 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem[(1)]	$214	02/01/2019
Total 2019 Other Rate Activity			$214	
2018 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad-Valorem[(1)]	$457	02/01/2018
Total 2018 Other Rate Activity			$457	

(1) The Ad Valorem filing relates to property taxes that are either over or undercollected compared to the amount included in our Kansas service area's base rates.

Other Regulation

We are regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in the operation and maintenance of our transmission and distribution facilities. In addition, our operations are also subject to various state and federal laws regulating environmental matters. From time to time, we receive inquiries regarding various environmental matters. We believe that our properties and operations comply with, and are operated in conformity with, applicable safety and environmental statutes and regulations. There are no administrative or judicial proceedings arising under environmental quality statutes pending or known to be contemplated by governmental agencies which would have a material adverse effect on us or our operations. The Pipeline and Hazardous Materials Safety Administration (PHMSA), within the U.S. Department of Transportation, develops and enforces regulations for the safe, reliable and environmentally sound operation of the pipeline transportation system. The PHMSA pipeline safety statutes provide for states to assume safety authority over intrastate natural transmission and distribution gas pipelines. State pipeline safety programs are responsible for adopting and enforcing the federal and state pipeline safety regulations for intrastate natural gas transmission and distribution pipelines.

The Federal Energy Regulatory Commission (FERC) allows, pursuant to Section 311 of the Natural Gas Policy Act (NGA), gas transportation services through our APT assets "on behalf of" interstate pipelines or local distribution companies served by interstate pipelines, without subjecting these assets to the jurisdiction of the FERC under the NGA. Additionally, the FERC has regulatory authority over the use and release of interstate pipeline and storage capacity. The FERC also has authority to detect and prevent market manipulation and to enforce compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. We have taken what we believe are the necessary and appropriate steps to comply with these regulations.

The SEC and the Commodities Futures Trading Commission, pursuant to the Dodd–Frank Act, established numerous regulations relating to U.S. financial markets. We enacted procedures and modified existing business practices and contractual arrangements to comply with such regulations. There are, however, some rulemaking proceedings that have not yet been finalized, including those relating to capital and margin rules for (non–cleared) swaps. We do not expect these rules to directly impact our business practices or collateral requirements. However, depending on the substance of these final rules, in addition to certain international regulatory requirements still under development that are similar to Dodd–Frank, our swap counterparties could be subject to additional and potentially significant capitalization requirements. These regulations could motivate counterparties to increase our collateral requirements or cash postings.

Competition

Although our regulated distribution operations are not currently in significant direct competition with any other distributors of natural gas to residential and commercial customers within our service areas, we do compete with other natural gas suppliers and suppliers of alternative fuels for sales to industrial customers. We compete in all aspects of our business with alternative energy sources, including, in particular, electricity. Electric utilities offer electricity as a rival energy source and compete for the space heating, water heating and cooking markets. Promotional incentives, improved equipment efficiencies and promotional rates all contribute to the acceptability of electrical equipment. The principal means to compete against alternative fuels is lower prices, and natural gas historically has maintained its price advantage in the residential, commercial and industrial markets.

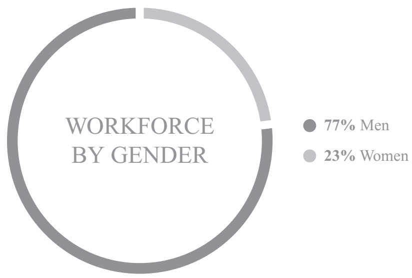
Our pipeline and storage operations have historically faced competition from other existing intrastate pipelines seeking to provide or arrange transportation, storage and other services for customers. In the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

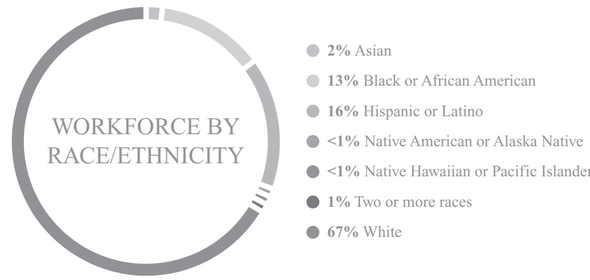
Employees

The Corporate Responsibility, Sustainability, and Safety Committee of the Board of Directors oversees matters relating to equality, diversity, and inclusion; human workplace rights; employee health and safety; and the Company's vision, values, and culture. It also assists management in integrating responsibility and sustainability into strategic business activities to create long-term shareholder value.

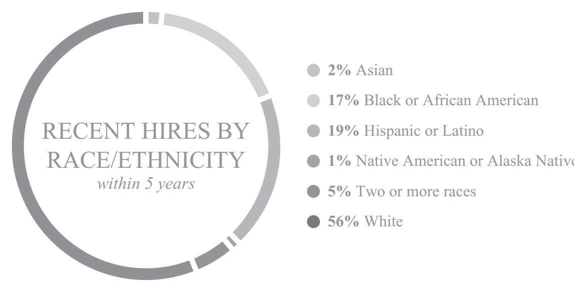
Our culture respects and appreciates inclusion and diversity. Thus, we strive to have a workforce that reflects the unique 1,400 communities that we serve. At September 30, 2020, we had 4,694 employees, substantially unchanged from last year. We monitor our workforce data on a calendar year basis. As of

December 31, 2019, 61 percent of our employees worked in field roles and 39 percent worked in support/shared services roles.





To recruit and hire individuals with a variety of skills, talents, backgrounds and experiences, we value and cultivate our strong relationships with hundreds of community and diversity outreach sources. We also target jobs fairs including those focused on minority, veteran and women candidates and partner with local colleges and universities to identify and recruit qualified applicants in each of the cities and towns we serve. Over the last five calendar years, we hired over 1,800 employees.



We perform succession planning annually to ensure that we develop and sustain a strong bench of talent capable of performing at the highest levels. Not only is talent identified, but potential paths of development are discussed to ensure that employees have an opportunity to build their skills and are well-prepared for future roles. The strength of our succession planning process is evident through our long history of promoting our leaders from within the organization.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports, and amendments to those reports, and other forms that we file with or furnish to the Securities and Exchange Commission (SEC) at their website, *www.sec.gov*, are also available free of charge at our website, *www.atmosenergy.com*, under “Publications and SEC Filings” under the “Investors” tab under “Our Company”, as soon as reasonably practicable, after we electronically file these reports with, or furnish these reports to, the SEC. We will also provide copies of these reports free of charge upon request to Shareholder Relations at the address and telephone number appearing below:

Shareholder Relations
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205
972-855-3729

Corporate Governance

In accordance with and pursuant to relevant related rules and regulations of the SEC as well as corporate governance-related listing standards of the New York Stock Exchange (NYSE), the Board of Directors of the Company has established and periodically updated our Corporate Governance Guidelines and Code of Conduct, which is applicable to all directors, officers and employees of the Company. In addition, in accordance with and pursuant to such NYSE listing standards, our Chief Executive Officer during fiscal 2020, John K. Akers, certified to the New York Stock Exchange that he was not aware of any violations by the Company of NYSE corporate governance listing standards. The Board of Directors also annually reviews and updates, if necessary, the charters for each of its Audit, Human Resources, Nominating and Corporate Governance and Corporate Responsibility, Sustainability and Safety Committees. All of the foregoing documents are posted on our website, *www.atmosenergy.com*, under "Corporate Governance" under the "Corporate Responsibility" tab under "Our Company". We will also provide copies of all corporate governance documents free of charge upon request to Shareholder Relations at the address listed above.

ITEM 1A. ***Risk Factors.***

Our financial and operating results are subject to a number of risk factors, many of which are not within our control. Investors should carefully consider the following discussion of risk factors as well as other information appearing in this report. These factors include the following, which are organized by category:

<u>Regulatory and Legislative Risks</u>

We are subject to federal, state and local regulations that affect our operations and financial results.

We are subject to regulatory oversight from various federal, state and local regulatory authorities in the eight states that we serve. Therefore, our returns are continuously monitored and are subject to challenge for their reasonableness by the appropriate regulatory authorities or other third-party intervenors. In the normal course of business, as a regulated entity, we often need to place assets in service and establish historical test periods before rate cases that seek to adjust our allowed returns to recover that investment can be filed. Further, the regulatory review process can be lengthy in the context of traditional ratemaking. Because of this process, we suffer the negative financial effects of having placed assets in service without the benefit of rate relief, which is commonly referred to as "regulatory lag."

However, in the last several years, a number of regulatory authorities in the states we serve have approved rate mechanisms that provide for annual adjustments to rates that allow us to recover the cost of investments made to replace existing infrastructure or reflect changes in our cost of service. These mechanisms work to effectively reduce the regulatory lag inherent in the ratemaking process. However, regulatory lag could significantly increase if the regulatory authorities modify or terminate these rate mechanisms. The regulatory process also involves the risk that regulatory authorities may (i) review our purchases of natural gas and adjust the amount of our gas costs that we pass through to our customers or (ii) limit the costs we may have incurred from our cost of service that can be recovered from customers.

We are also subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment and health and safety matters, including those that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, as well as work practices related to employee health and safety. Environmental legislation also requires that our facilities, sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Failure to comply with these laws, regulations, permits and licenses may expose us to fines, penalties or interruptions in our operations that could be significant to our financial results. In addition, existing environmental regulations may be revised or our operations may become subject to new regulations.

Some of our operations are subject to increased federal regulatory oversight that could affect our operations and financial results.

FERC has regulatory authority over some of our operations, including the use and release of interstate pipeline and storage capacity. FERC has adopted rules designed to prevent market power abuse and market manipulation and to promote compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. These rules carry increased penalties for violations. Although we have taken steps to structure current and future transactions to comply with applicable current FERC regulations, changes in FERC regulations or their interpretation by FERC or additional regulations issued by FERC in the future could also adversely affect our business, financial condition or financial results.

We may experience increased federal, state and local regulation of the safety of our operations.

The safety and protection of the public, our customers and our employees is our top priority. We constantly monitor and maintain our pipeline and distribution systems to ensure that natural gas is delivered safely, reliably and efficiently through our network of more than 75,000 miles of distribution and transmission lines. As in recent years, natural gas distribution and pipeline companies are continuing to encounter increasing federal, state and local oversight of the safety of their operations. Although we believe these are costs ultimately recoverable through our rates, the costs of complying with new laws and regulations may have at least a short-term adverse impact on our operating costs and financial results.

Greenhouse gas emissions or other legislation or regulations intended to address climate change could increase our operating costs, adversely affecting our financial results, growth, cash flows and results of operations.

Federal, regional and/or state legislative and/or regulatory initiatives may attempt to control or limit the causes of climate change, including greenhouse gas emissions, such as carbon dioxide and methane. Such laws or regulations could impose costs tied to greenhouse gas emissions, operational requirements or restrictions, or additional charges to fund energy efficiency activities. They could also provide a cost advantage to alternative energy sources, impose costs or restrictions on end users of natural gas, or result in other costs or requirements, such as costs associated with the adoption of new infrastructure and technology to respond to new mandates. The focus on climate change could adversely impact the reputation of fossil fuel products or services. The occurrence of the foregoing events could put upward pressure on the cost of natural gas relative to other energy sources, increase our costs and the prices we charge to customers, reduce the demand for natural gas or cause fuel switching to other energy sources, and impact the competitive position of natural gas and the ability to serve new or existing customers, adversely affecting our business, results of operations and cash flows.

Operational Risks

We may incur significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs.

PHMSA requires pipeline operators to develop integrity management programs to comprehensively evaluate certain areas along their pipelines and to take additional measures to protect pipeline segments located in "high consequence areas" where a leak or rupture could potentially do the most harm. As a pipeline operator, the Company is required to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a "high consequence area";
- improve data collection, integration and analysis;
- repair and remediate the pipeline as necessary; and
- implement preventative and mitigating actions.

The Company incurs significant costs associated with its compliance with existing PHMSA and comparable state regulations. Although we believe these are costs ultimately recoverable through our rates, the costs of complying with new laws and regulations may have at least a short-term adverse impact on our operating costs and financial results. For example, the adoption of new regulations requiring more comprehensive or stringent safety standards could require installation of new or modified safety controls, new capital projects, or accelerated maintenance programs, all of which could require a potentially significant increase in operating costs.

Distributing, transporting and storing natural gas involve risks that may result in accidents and additional operating costs.

Our operations involve a number of hazards and operating risks inherent in storing and transporting natural gas that could affect the public safety and reliability of our distribution system. While Atmos Energy, with the support from each of its regulatory commissions, is accelerating the replacement of aging pipeline infrastructure, operating issues such as leaks, accidents, equipment problems and incidents, including explosions and fire, could result in legal liability, repair and remediation costs, increased operating costs, significant increased capital expenditures, regulatory fines and penalties and other costs and a loss of customer confidence. We maintain liability and property insurance coverage in place for many of these hazards and risks. However, because some of our transmission pipeline and storage facilities are near or are in populated areas, any loss of human life or adverse financial results resulting from such events could be large. If these events were not fully covered by our general liability and property insurance, which policies are subject to certain limits and deductibles, our operations or financial results could be adversely affected.

If contracted gas supplies, interstate pipeline and/or storage services are not available or delivered in a timely manner, our ability to meet our customers' natural gas requirements may be impaired and our financial condition may be adversely affected.

In order to meet our customers' annual and seasonal natural gas demands, we must obtain a sufficient supply of natural gas, interstate pipeline capacity and storage capacity. If we are unable to obtain these, either from our suppliers' inability to deliver the contracted commodity or the inability to secure replacement quantities, our financial condition and results of operations may be adversely affected. If a substantial disruption to or reduction in interstate natural gas pipelines' transmission and storage capacity occurred due to operational failures or disruptions, legislative or regulatory actions, hurricanes, tornadoes, floods, terrorist or cyber-attacks or acts of war, our operations or financial results could be adversely affected.

Our operations are subject to increased competition.

In residential and commercial customer markets, our distribution operations compete with other energy products, such as electricity and propane. Our primary product competition is with electricity for heating, water heating and cooking. Increases in the price of natural gas could negatively impact our competitive position by decreasing the price benefits of natural gas to the consumer. This could adversely impact our business if our customer growth slows or if our customers further conserve their use of gas, resulting in reduced gas purchases and customer billings.

In the case of industrial customers, such as manufacturing plants, adverse economic conditions, including higher gas costs, could cause these customers to use alternative sources of energy, such as electricity, or bypass our systems in favor of special competitive contracts with lower per-unit costs. Our pipeline and storage operations historically have faced limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers. However, in the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

Adverse weather conditions could affect our operations or financial results.

We have weather-normalized rates for approximately 97 percent of our residential and commercial revenues in our distribution operations, which substantially mitigates the adverse effects of warmer-than-normal weather for meters in those service areas. However, there is no assurance that we will continue to receive such regulatory protection from adverse weather in our rates in the future. The loss of such weather-normalized rates could have an adverse effect on our operations and financial results. In addition, our operating results may continue to vary somewhat with the actual temperatures during the winter heating season. Additionally, sustained cold weather could challenge our ability to adequately meet customer demand in our operations.

The operations and financial results of the Company could be adversely impacted as a result of climate change.

As climate change occurs, our businesses could be adversely impacted, although we believe it is likely that any such resulting impacts would occur very gradually over a long period of time and thus would be difficult to quantify with any degree of specificity. Such climate change could cause shifts in population, including customers moving away from our service territories.

It could also result in more frequent and more severe weather events, such as hurricanes and tornadoes, which could increase our costs to repair damaged facilities and restore service to our customers. If we were unable to deliver natural gas to our customers, our financial results would be impacted by lost revenues, and we generally would have to seek approval from regulators to recover restoration costs. To the extent we would be unable to recover those costs, or if higher rates resulting from our recovery of such costs would result in reduced demand for our services, our future business, financial condition or financial results could be adversely impacted.

The inability to continue to hire, train and retain operational, technical and managerial personnel could adversely affect our results of operations.

Although the average age of the employee base of Atmos Energy is not significantly changing year over year, there are still a number of employees who will become eligible to retire within the next five to 10 years. If we were unable to hire appropriate personnel or contractors to fill future needs, the Company could encounter operating challenges and increased costs, primarily due to a loss of knowledge, errors due to inexperience or the lengthy time period typically required to adequately train replacement personnel. In addition, higher costs could result from loss of productivity or increased safety compliance issues. The inability to hire, train and retain new operational, technical and managerial personnel adequately and to transfer institutional knowledge and expertise could adversely affect our ability to manage and operate our business. If we were unable to hire, train and retain appropriately qualified personnel, our results of operations could be adversely affected.

Increased dependence on technology may hinder the Company's business operations and adversely affect its financial condition and results of operations if such technologies fail.

Over the last several years, the Company has implemented or acquired a variety of technological tools including both Company-owned information technology and technological services provided by outside parties. These tools and systems support critical functions including, scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting, and external financial reporting. The failure of these or other similarly important technologies, or the Company's inability to have these technologies supported, updated, expanded, or integrated into other technologies, could hinder its business operations and adversely impact its financial condition and results of operations.

Although the Company has, when possible, developed alternative sources of technology and built redundancy into its computer networks and tools, there can be no assurance that these efforts would protect against all potential issues related to the loss of any such technologies.

Cyber-attacks or acts of cyber-terrorism could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information.

Our business operations and information technology systems may be vulnerable to an attack by individuals or organizations intending to disrupt our business operations and information technology systems, even though the Company has implemented policies, procedures and controls to prevent and detect these activities. We use our information technology systems to manage our distribution and intrastate pipeline and storage operations and other business processes. Disruption of those systems could adversely impact our ability to safely deliver natural gas to our customers, operate our pipeline and storage systems or serve our customers timely. Accordingly, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected.

In addition, we use our information technology systems to protect confidential or sensitive customer, employee and Company information developed and maintained in the normal course of our business. Any attack on such systems that would result in the unauthorized release of customer, employee or other confidential or sensitive data could have a material adverse effect on our business reputation, increase our costs and expose us to additional material legal claims and liability. Even though we have insurance coverage in place for many of these cyber-related risks, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected to the extent not fully covered by such insurance coverage.

Natural disasters, terrorist activities or other significant events could adversely affect our operations or financial results.

Natural disasters are always a threat to our assets and operations. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Also, companies in our industry may face a heightened risk of exposure to actual acts of terrorism, which could subject our operations to increased risks. As a result, the availability of insurance covering such risks may become more limited, which could increase the risk that an event could adversely affect our operations or financial results.

Financial, Economic and Market Risks

Our growth in the future may be limited by the nature of our business, which requires extensive capital spending.

Our operations are capital-intensive. We must make significant capital expenditures on a long-term basis to modernize our distribution and transmission system and to comply with the safety rules and regulations issued by the regulatory authorities responsible for the service areas we operate. In addition, we must continually build new capacity to serve the growing needs of the communities we serve. The magnitude of these expenditures may be affected by a number of factors, including new regulations, the general state of the economy and weather.

The liquidity required to fund our working capital, capital expenditures and other cash needs is provided from a combination of internally generated cash flows and external debt and equity financing. The cost and availability of borrowing funds from third party lenders or issuing equity is dependent on the liquidity of the credit markets, interest rates and other market conditions. This in turn may limit the amount of funds we can invest in our infrastructure.

The Company is dependent on continued access to the credit and capital markets to execute our business strategy.

Our long-term debt is currently rated as "investment grade" by Standard & Poor's Corporation and Moody's Investors Service, Inc. Similar to most companies, we rely upon access to both short-term and long-term credit and capital markets to satisfy our liquidity requirements. If adverse credit conditions were to cause a significant limitation on our access to the private credit and public capital markets, we could see a reduction in our liquidity. A significant reduction in our liquidity could in turn trigger a negative change in our ratings outlook or even a reduction in our credit ratings by one or more of the credit rating agencies. Such a downgrade could further limit our access to private credit and/or public capital markets and increase our costs of borrowing.

While we believe we can meet our capital requirements from our operations and the sources of financing available to us, we can provide no assurance that we will continue to be able to do so in the future, especially if the market price of natural gas increases significantly. The future effects on our business, liquidity and financial results of a deterioration of current conditions in the credit and capital markets could be material and adverse to us, both in the ways described above or in other ways that we do not currently anticipate.

We are exposed to market risks that are beyond our control, which could adversely affect our financial results.

We are subject to market risks beyond our control, including (i) commodity price volatility caused by market supply and demand dynamics, counterparty performance or counterparty creditworthiness, and (ii) interest rate risk. We are generally insulated from commodity price risk through our purchased gas cost mechanisms. With respect to interest rate risk, we have been operating in a relatively low interest-rate environment in recent years compared to historical norms for both short and long-term interest rates. However, increases in interest rates could adversely affect our future financial results to the extent that we do not recover our actual interest expense in our rates.

The concentration of our operations in the State of Texas exposes our operations and financial results to economic conditions, weather patterns and regulatory decisions in Texas.

Approximately 70 percent of our consolidated operations are located in the State of Texas. This concentration of our business in Texas means that our operations and financial results may be significantly affected by changes in the Texas economy in general, weather patterns and regulatory decisions by state and local regulatory authorities in Texas.

A deterioration in economic conditions could adversely affect our customers and negatively impact our financial results.

Any adverse changes in economic conditions in the United States, especially in the states in which we operate, could adversely affect the financial resources of many domestic households. As a result, our customers could seek to use less gas and it may be more difficult for them to pay their gas bills. This would likely lead to slower collections and higher than normal levels of accounts receivable. This, in turn, could increase our financing requirements. Additionally, should economic conditions deteriorate, our industrial customers could seek alternative energy sources, which could result in lower sales volumes.

Increased gas costs could adversely impact our customer base and customer collections and increase our level of indebtedness.

Rapid increases in the costs of purchased gas would cause us to experience a significant increase in short-term debt. We must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection of monthly customer bills for gas delivered. Increases in purchased gas costs also slow our natural gas distribution collection efforts as customers are more likely to delay the payment of their gas bills, leading to higher than normal accounts receivable. This could result in higher short-term debt levels, greater collection efforts and increased bad debt expense.

The costs of providing health care benefits, pension and postretirement health care benefits and related funding requirements may increase substantially.

We provide health care benefits, a cash-balance pension plan and postretirement health care benefits to eligible full-time employees. The costs of providing health care benefits to our employees could significantly increase over time due to rapidly increasing health care inflation, and any future legislative changes related to the provision of health care benefits. The impact of additional costs which are likely to be passed on to the Company is difficult to measure at this time.

The costs of providing a cash-balance pension plan to eligible full-time employees prior to 2011 and postretirement health care benefits to eligible full-time employees and related funding requirements could be influenced by changes in the market value of the assets funding our pension and postretirement health care plans. Any significant declines in the value of these investments due to sustained declines in equity markets or a reduction in bond yields could increase the costs of our pension and postretirement health care plans and related funding requirements in the future. Further, our costs of providing such benefits and related funding requirements are also subject to a number of factors, including (i) changing demographics, including longer life expectancy of beneficiaries and an expected increase in the number of eligible former employees over the next five to ten years;

(ii) various actuarial calculations and assumptions which may differ materially from actual results due primarily to changing market and economic conditions, including changes in interest rates, and higher or lower withdrawal rates; and (iii) future government regulation.

The costs to the Company of providing these benefits and related funding requirements could also increase materially in the future, should there be a material reduction in the amount of the recovery of these costs through our rates or should significant delays develop in the timing of the recovery of such costs, which could adversely affect our financial results.

The outbreak of COVID-19 and its impact on business and economic conditions could negatively affect our business, results of operations and financial condition.

The scale and scope of the recent COVID-19 outbreak, the resulting pandemic, and the impact on the economy and financial markets could adversely affect the Company's business, results of operations and financial condition. As an essential business, the Company continues to provide natural gas services and has implemented business continuity and emergency response plans to continue to provide natural gas services to customers and support the Company's operations, while taking health and safety measures such as implementing worker distancing measures and using a remote workforce where possible. However, there is no assurance that the continued spread of COVID-19 and efforts to contain the virus (including, but not limited to, voluntary and mandatory quarantines, restrictions on travel, limiting gatherings of people, and reduced operations and extended closures of many businesses and institutions) will not materially impact our business, results of operations and financial condition. In particular, the continued spread of COVID-19 and efforts to contain the virus could:

- impact customer demand for natural gas, particularly from commercial and industrial customers;
- reduce the availability and productivity of our employees and contractors;
- cause us to experience an increase in costs as a result of our emergency measures, delayed payments from our customers and uncollectable accounts;
- cause the Company's contractors, suppliers and other business partners to be unable to fulfill their contractual obligations;
- result in our inability to meet the requirements of the covenants in our existing credit facilities, including covenants regarding the ratio of indebtedness to total capitalization;
- cause a deterioration in our financial metrics or the business environment that impacts our credit ratings;
- impact our liquidity position and cost of and ability to access funds from financial institutions and capital markets; and
- cause other unpredictable events.

The situation surrounding COVID-19 remains fluid and the likelihood of an impact on the Company that could be material increases the longer the virus impacts activity levels in the United States. Therefore, it is difficult to predict with certainty the potential impact of the virus on the Company's business, results of operations and financial condition.

To the extent the COVID-19 pandemic has an adverse impact on the Company's business, results of operations and financial condition, it may also have the effect of heightening many of the other risk factors disclosed herein, such as those relating to our ability to continue to access the credit and capital markets to execute our business strategy; market risks beyond our control affecting our risk management activities, including commodity price volatility, counterparty performance or creditworthiness and interest rate risk; and the impact of adverse economic conditions on our customers.

ITEM 1B. ***Unresolved Staff Comments.***

Not applicable.

ITEM 2. *Properties.*

Distribution, transmission and related assets

At September 30, 2020, in our distribution segment, we owned an aggregate of 71,558 miles of underground distribution and transmission mains throughout our distribution systems. These mains are located on easements or rights-of-way. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. Through our pipeline and storage segment we also owned 5,684 miles of gas transmission lines.

Storage Assets

We own underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The following table summarizes certain information regarding our underground gas storage facilities at September 30, 2020:

State	Usable Capacity (Mcf)	Cushion Gas (Mcf)(1)	Total Capacity (Mcf)	Maximum Daily Delivery Capability (Mcf)
Distribution Segment				
Kentucky	7,956,991	9,562,283	17,519,274	158,100
Kansas	3,239,000	2,300,000	5,539,000	45,000
Mississippi	1,907,571	2,442,917	4,350,488	31,000
Total	13,103,562	14,305,200	27,408,762	234,100
Pipeline and Storage Segment				
Texas	46,083,549	15,878,025	61,961,574	1,710,000
Louisiana	411,040	256,900	667,940	56,000
Total	46,494,589	16,134,925	62,629,514	1,766,000
Total	59,598,151	30,440,125	90,038,276	2,000,100

(1) Cushion gas represents the volume of gas that must be retained in a facility to maintain reservoir pressure.

Additionally, we contract for storage service in underground storage facilities on many of the interstate and intrastate pipelines serving us to supplement our proprietary storage capacity. The following table summarizes our contracted storage capacity at September 30, 2020:

Segment	Division/Company	Maximum Storage Quantity (MMBtu)	Maximum Daily Withdrawal Quantity (MDWQ)(1)
Distribution Segment			
	Colorado-Kansas Division	6,343,728	147,965
	Kentucky/Mid-States Division	8,175,103	226,320
	Louisiana Division	2,594,875	177,765
	Mid-Tex Division	4,000,000	150,000
	Mississippi Division	5,099,536	164,764
	West Texas Division	5,500,000	176,000
Total		31,713,242	1,042,814
Pipeline and Storage Segment			
	Trans Louisiana Gas Pipeline, Inc.	1,000,000	47,500
Total Contracted Storage Capacity		32,713,242	1,090,314

(1) Maximum daily withdrawal quantity (MDWQ) amounts will fluctuate depending upon the season and the month. Unless otherwise noted, MDWQ amounts represent the MDWQ amounts as of November 1, which is the beginning of the winter heating season.

ITEM 3. ***Legal Proceedings.***

See Note 12 to the consolidated financial statements, which is incorporated in this Item 3 by reference.

ITEM 4. ***Mine Safety Disclosures.***

Not applicable.

PART II

ITEM 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Our stock trades on the New York Stock Exchange under the trading symbol "ATO." The dividends paid per share of our common stock for fiscal 2020 and 2019 are listed below.

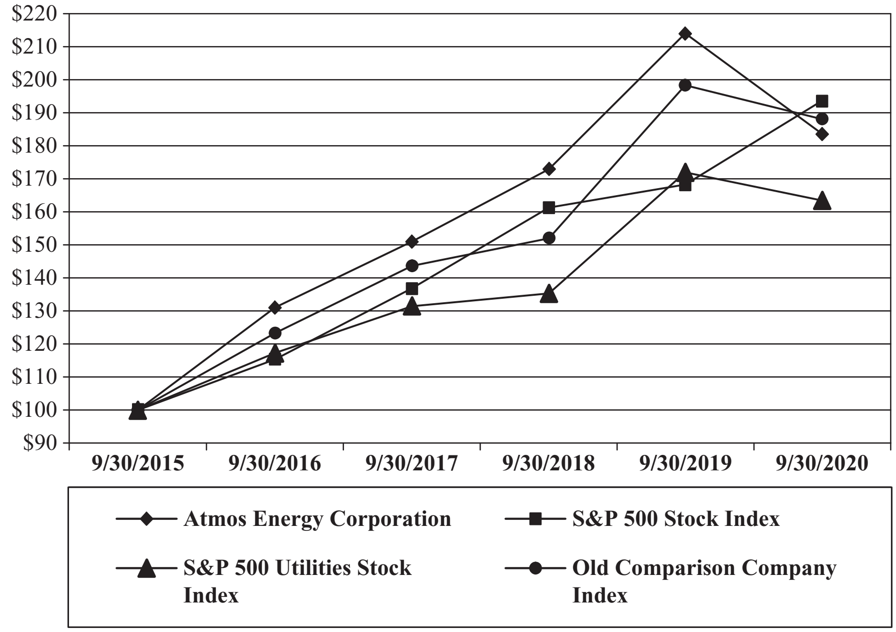
	Fiscal 2020	Fiscal 2019
Quarter ended:		
December 31	$0.575	$0.525
March 31	0.575	0.525
June 30	0.575	0.525
September 30	0.575	0.525
	$ 2.30	$ 2.10

Dividends are payable at the discretion of our Board of Directors out of legally available funds. The Board of Directors typically declares dividends in the same fiscal quarter in which they are paid. As of October 31, 2020, there were 11,199 holders of record of our common stock. Future payments of dividends, and the amounts of these dividends, will depend on our financial condition, results of operations, capital requirements and other factors. We sold no securities during fiscal 2020 that were not registered under the Securities Act of 1933, as amended.

Performance Graph

The performance graph and table below compares the yearly percentage change in our total return to shareholders for the last five fiscal years with the total return of the S&P 500 Stock Index (S&P 500), the total return of the S&P 500 Utilities Industry Index and the cumulative total return of the customized peer company group described in Part II, Item 5 of our Annual Report on Form 10-K for fiscal 2019, referred to herein as the Old Comparison Company Index. The Old Comparison Company Index is comprised of natural gas distribution companies with similar revenues, market capitalizations and asset bases to that of the Company. The graph and table below assume that $100.00 was invested on September 30, 2015 in our common stock, the S&P 500, the S&P 500 Utilities Industry Index and in the common stock of the companies in the Old Comparison Company Index, as well as a reinvestment of dividends paid on such investments throughout the period.

Comparison of Five-Year Cumulative Total Return among Atmos Energy Corporation, S&P 500 Index, S&P 500 Utilities Industry Index and Old Comparison Company Index



	Cumulative Total Return					
	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020
Atmos Energy Corporation	100.00	131.10	151.00	172.94	214.09	183.63
S&P 500 Stock Index	100.00	115.43	136.91	161.43	168.30	193.80
S&P 500 Utilities Stock Index	100.00	117.37	131.49	135.34	172.02	163.47
Old Comparison Company Index[1]	100.00	123.44	143.69	152.10	198.43	188.11

(1) The Old Comparison Company Index reflects the cumulative total return of the group of utility companies described in Part II, Item 5 of our Annual Report on Form 10-K for fiscal 2019, except that Vectren Corporation has since been acquired, and as a result, its cumulative total return is not included in the graph.

The following table sets forth the number of securities authorized for issuance under our equity compensation plans at September 30, 2020.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
1998 Long-Term Incentive Plan	952,586[1]	$ —	1,288,782
Total equity compensation plans approved by security holders	952,586	—	1,288,782
Equity compensation plans not approved by security holders	—	—	—
Total	952,586	$ —	1,288,782

(1) Comprised of a total of 355,481 time-lapse restricted stock units, 361,039 director share units and 236,066 performance-based restricted stock units at the target level of performance granted under our 1998 Long-Term Incentive Plan.

ITEM 6. *Selected Financial Data.*

The following table sets forth selected financial data of the Company and should be read in conjunction with the consolidated financial statements included herein.

	Fiscal Year Ended September 30				
	2020	2019	2018	2017	2016
	(In thousands, except per share data)				
Results of Operations					
Operating revenues	$ 2,821,137	$ 2,901,848	$ 3,115,546	$ 2,759,735	$ 2,454,648
Operating income(1)	$ 824,099	$ 746,058	$ 727,934	$ 735,628	$ 665,368
Income from continuing operations	$ 601,443	$ 511,406	$ 603,064	$ 382,711	$ 345,542
Net income	$ 601,443	$ 511,406	$ 603,064	$ 396,421	$ 350,104
Diluted income per share from continuing operations	$ 4.89	$ 4.35	$ 5.43	$ 3.60	$ 3.33
Diluted net income per share	$ 4.89	$ 4.35	$ 5.43	$ 3.73	$ 3.38
Cash dividends declared per share	$ 2.30	$ 2.10	$ 1.94	$ 1.80	$ 1.68
Financial Condition					
Net property, plant and equipment(2)	$13,355,347	$11,787,669	$10,371,147	$ 9,259,182	$ 8,268,606
Total assets	$15,359,032	$13,367,619	$11,874,437	$10,749,596	$10,010,889
Capitalization:					
Shareholders' equity	$ 6,791,203	$ 5,750,223	$ 4,769,951	$ 3,898,666	$ 3,463,059
Long-term debt (excluding current maturities)	4,531,779	3,529,452	2,493,665	3,067,045	2,188,779
Total capitalization	$11,322,982	$ 9,279,675	$ 7,263,616	$ 6,965,711	$ 5,651,838

(1) In accordance with our adoption of new accounting standards, changes in comprehensive income statement presentation were implemented on a retrospective basis and impacted previously issued financial statements for the fiscal years ended 2016 through 2018.

(2) Amounts shown are net of assets held for sale related to the divestiture of our natural gas marketing business for fiscal year 2016.

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

INTRODUCTION

This section provides management's discussion of the financial condition, changes in financial condition and results of operations of Atmos Energy Corporation and its consolidated subsidiaries with specific information on results of operations and liquidity and capital resources. It includes management's interpretation of our financial results, the factors affecting these results, the major factors expected to affect future operating results and future investment and financing plans. This discussion should be read in conjunction with our consolidated financial statements and notes thereto.

Several factors exist that could influence our future financial performance, some of which are described in Item 1A above, "Risk Factors". They should be considered in connection with evaluating forward-looking statements contained in this report or otherwise made by or on behalf of us since these factors could cause actual results and conditions to differ materially from those set out in such forward-looking statements.

Cautionary Statement for the Purposes of the Safe Harbor under the Private Securities Litigation Reform Act of 1995

The statements contained in this Annual Report on Form 10-K may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Report are forward-looking statements made in good faith by us and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this Report, or any other of our documents or oral presentations, the words “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “objective”, “plan”, “projection”, “seek”, “strategy” or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements relating to our strategy, operations, markets, services, rates, recovery of costs, availability of gas supply and other factors. These risks and uncertainties include the following: federal, state and local regulatory and political trends and decisions, including the impact of rate proceedings before various state regulatory commissions; increased federal regulatory oversight and potential penalties; possible increased federal, state and local regulation of the safety of our operations; the impact of greenhouse gas emissions or other legislation or regulations intended to address climate change; possible significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs; the inherent hazards and risks involved in distributing, transporting and storing natural gas; the availability and accessibility of contracted gas supplies, interstate pipeline and/or storage services; increased competition from energy suppliers and alternative forms of energy; adverse weather conditions; the impact of climate change; the inability to continue to hire, train and retain operational, technical and managerial personnel; increased dependence on technology that may hinder the Company’s business if such technologies fail; the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information; natural disasters, terrorist activities or other events and other risks and uncertainties discussed herein, all of which are difficult to predict and many of which are beyond our control; the capital-intensive nature of our business; our ability to continue to access the credit and capital markets to execute our business strategy; market risks beyond our control affecting our risk management activities, including commodity price volatility, counterparty performance or creditworthiness and interest rate risk; the concentration of our operations in Texas; the impact of adverse economic conditions on our customers; changes in the availability and price of natural gas; increased costs of providing health care benefits, along with pension and postretirement health care benefits and increased funding requirements; the outbreak of COVID-19 and its impact on business and economic conditions. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. Preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from estimates.

Our significant accounting policies are discussed in Note 2 to our consolidated financial statements. The accounting policies discussed below are both important to the presentation of our financial condition and results of operations and require management to make difficult, subjective or complex accounting estimates. Accordingly, these critical accounting policies are reviewed periodically by the Audit Committee of the Board of Directors.

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
Regulation	Our distribution and pipeline operations meet the criteria of a cost-based, rate-regulated entity under accounting principles generally accepted in the United States. Accordingly, the financial results for these operations reflect the effects of the rate-making and accounting practices and policies of the various regulatory commissions to which we are subject. As a result, certain costs that would normally be expensed under accounting principles generally accepted in the United States are permitted to be capitalized or deferred on the balance sheet because it is probable they can be recovered through rates. Further, regulation may impact the period in which revenues or expenses are recognized. The amounts expected to be recovered or recognized are based upon historical experience and our understanding of the regulations. Discontinuing the application of this method of accounting for regulatory assets and liabilities or changes in the accounting for our various regulatory mechanisms could significantly increase our operating expenses as fewer costs would likely be capitalized or deferred on the balance sheet, which could reduce our net income.	Decisions of regulatory authorities Issuance of new regulations or regulatory mechanisms Assessing the probability of the recoverability of deferred costs Continuing to meet the criteria of a cost-based, rate regulated entity for accounting purposes
Unbilled Revenue	We follow the revenue accrual method of accounting for distribution segment revenues whereby revenues attributable to gas delivered to customers, but not yet billed under the cycle billing method, are estimated and accrued and the related costs are charged to expense. When permitted, we implement rates that have not been formally approved by our regulatory authorities, subject to refund. We recognize this revenue and establish a reserve for amounts that could be refunded based on our experience for the jurisdiction in which the rates were implemented.	Estimates of delivered sales volumes based on actual tariff information and weather information and estimates of customer consumption and/or behavior Estimates of purchased gas costs related to estimated deliveries Estimates of amounts billed subject to refund

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
Pension and other postretirement plans	Pension and other postretirement plan costs and liabilities are determined on an actuarial basis using a September 30 measurement date and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, assumed discount rates and current demographic and actuarial mortality data. The assumed discount rate and the expected return are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rate, the assumed health care cost trend rate and assumed rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities. The discount rate is utilized principally in calculating the actuarial present value of our pension and postretirement obligations and net periodic pension and postretirement benefit plan costs. When establishing our discount rate, we consider high quality corporate bond rates based on bonds available in the marketplace that are suitable for settling the obligations, changes in those rates from the prior year and the implied discount rate that is derived from matching our projected benefit disbursements with currently available high quality corporate bonds. The expected long-term rate of return on assets is utilized in calculating the expected return on plan assets component of our annual pension and postretirement plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. To the extent the actual rate of return on assets realized over the course of a year is greater than or less than the assumed rate, that year's annual pension or postretirement plan costs are not affected. Rather, this gain or loss reduces or increases future pension or postretirement plan costs over a period of approximately ten to twelve years.	General economic and market conditions Assumed investment returns by asset class Assumed future salary increases Assumed discount rate Projected timing of future cash disbursements Health care cost experience trends Participant demographic information Actuarial mortality assumptions Impact of legislation Impact of regulation

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	The market-related value of our plan assets represents the fair market value of the plan assets, adjusted to smooth out short-term market fluctuations over a five-year period. The use of this methodology will delay the impact of current market fluctuations on the pension expense for the period. We estimate the assumed health care cost trend rate used in determining our postretirement net expense based upon our actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon our annual review of our participant census information as of the measurement date.	
Impairment assessments	We review the carrying value of our long-lived assets, including goodwill and identifiable intangibles, whenever events or changes in circumstance indicate that such carrying values may not be recoverable, and at least annually for goodwill, as required by U.S. accounting standards. The evaluation of our goodwill balances and other long-lived assets or identifiable assets for which uncertainty exists regarding the recoverability of the carrying value of such assets involves the assessment of future cash flows and external market conditions and other subjective factors that could impact the estimation of future cash flows including, but not limited to the commodity prices, the amount and timing of future cash flows, future growth rates and the discount rate. Unforeseen events and changes in circumstances or market conditions could adversely affect these estimates, which could result in an impairment charge.	General economic and market conditions Projected timing and amount of future discounted cash flows Judgment in the evaluation of relevant data

Non-GAAP Financial Measures

As described further in Note 13 to the consolidated financial statements, due to the passage of Kansas House Bill 2585, we remeasured our deferred tax liability and updated our state deferred tax rate. As a result, we recorded a non-cash income tax benefit of $21.0 million for the fiscal year ended September 30, 2020. Additionally, the enactment of the Tax Cuts and Jobs Act of 2017 (the TCJA) required us to remeasure our deferred tax assets and liabilities at our new federal statutory income tax rate as of December 22, 2017. The remeasurement of our net deferred tax liabilities resulted in the recognition of a non-cash income tax benefit of $158.8 million for the fiscal year ended September 30, 2018. Due to the non-recurring nature of these benefits, we believe that net income and diluted net income per share before the non-cash income tax benefits provide a more relevant measure to analyze our financial performance than net income and diluted net income per share in order to allow investors to better analyze our core results and allow the information to be presented on a comparative basis. Accordingly, the following discussion and analysis of our financial performance will reference adjusted net income and adjusted diluted earnings per share, non-GAAP measures, which are calculated as follows:

	For the Fiscal Year Ended September 30				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
	(In thousands, except per share data)				
Net income	$601,443	$511,406	$ 603,064	$ 90,037	$ (91,658)
Non-cash income tax benefits	(20,962)	—	(158,782)	(20,962)	158,782
Adjusted net income	$580,481	$511,406	$ 444,282	$ 69,075	$ 67,124
Diluted net income per share	$ 4.89	$ 4.35	$ 5.43	$ 0.54	$ (1.08)
Diluted EPS from non-cash income tax benefits	(0.17)	—	(1.43)	(0.17)	1.43
Adjusted diluted net income per share	$ 4.72	$ 4.35	$ 4.00	$ 0.37	$ 0.35

RESULTS OF OPERATIONS

Overview

Atmos Energy strives to operate its businesses safely and reliably while delivering superior shareholder value. Our commitment to modernizing our natural gas distribution and transmission systems requires a significant level of capital spending. We have the ability to begin recovering a significant portion of these investments timely through rate designs and mechanisms that reduce or eliminate regulatory lag and separate the recovery of our approved rate from customer usage patterns. The execution of our capital spending program, the ability to recover these investments timely and our ability to access the capital markets to satisfy our financing needs are the primary drivers that affect our financial performance.

We continue to execute our strategy well while managing the ongoing impacts of the Coronavirus Disease 2019 (COVID-19) pandemic. Approximately 95 percent of our employees continue to work remotely as we provide essential services to ensure the safety and functionality of our critical infrastructure while taking precautions to provide a safe work environment for employees and customers.

During fiscal 2020, we recorded net income of $601.4 million, or $4.89 per diluted share, compared to net income of $511.4 million, or $4.35 per diluted share in the prior year. After adjusting for a nonrecurring income tax benefit recognized during fiscal 2020, we recorded adjusted net income of $580.5 million, or $4.72 per diluted share for the year ended September 30, 2020.

The following table details our consolidated net income by segment during the last three fiscal years:

	For the Fiscal Year Ended September 30		
	2020	2019	2018
		(In thousands)	
Distribution segment	$395,664	$328,814	$442,966
Pipeline and storage segment	205,779	182,592	160,098
Net income	$601,443	$511,406	$603,064

The year-over-year increase in adjusted net income of $69.1 million, or 14 percent, largely reflects positive rate outcomes driven by safety and reliability spending and customer growth in our distribution business. We did not experience a material change in year-over-year residential revenue in our distribution segment due to COVID-19; however, we did experience a 10 percent year-over-year decline in nonresidential revenue, including service and other revenues, primarily during the third and fourth fiscal quarter. The decline is partially offset by a reduction in certain operating and maintenance expenses.

During the year ended September 30, 2020, we implemented ratemaking regulatory actions which resulted in an increase in annual operating income of $160.2 million and had ratemaking efforts in progress at September 30, 2020, seeking a total increase in annual operating income of $131.9 million. As of the date of this report, we have received approval to implement $106.6 million of this amount in the first quarter of fiscal 2021.

Capital expenditures for fiscal 2020 increased 14 percent period-over-period, to $1.9 billion. Over 85 percent was invested to improve the safety and reliability of our distribution and transmission systems, with a significant portion of this investment incurred under regulatory mechanisms that reduce regulatory lag to six months or less.

During fiscal 2020, we completed over $1.6 billion of long-term debt and equity financing. As of September 30, 2020, our equity capitalization was 60 percent and we had approximately $2.6 billion in total liquidity, including cash and cash equivalents and funds available through equity forward sales agreements.

As a result of the continued contribution and stability of our earnings, cash flows and capital structure, our Board of Directors increased the quarterly dividend by 8.7% percent for fiscal 2021.

Distribution Segment

The distribution segment is primarily comprised of our regulated natural gas distribution and related sales operations in eight states. The primary factors that impact the results of our distribution operations are our ability to earn our authorized rates of return, competitive factors in the energy industry and economic conditions in our service areas.

Our ability to earn our authorized rates is based primarily on our ability to improve the rate design in our various ratemaking jurisdictions to minimize regulatory lag and, ultimately, separate the recovery of our approved rates from customer usage patterns. Improving rate design is a long-term process and is further complicated by the fact that we operate in multiple rate jurisdictions. The “Ratemaking Activity” section of this Form 10-K describes our current rate strategy, progress towards implementing that strategy and recent ratemaking initiatives in more detail.

Revenues in our Texas and Mississippi service areas include franchise fees and gross receipt taxes, which are calculated as a percentage of revenue (inclusive of gas costs). Therefore, the amount of these taxes included in revenue is influenced by the cost of gas and the level of gas sales volumes. We record the associated tax expense as a component of taxes, other than income.

The cost of gas typically does not have a direct impact on our operating income because these costs are recovered through our purchased gas cost adjustment mechanisms. However, higher gas costs may adversely impact our accounts receivable collections, resulting in higher bad debt expense. This risk is currently mitigated by rate design that allows us to collect from our customers the gas cost portion of our bad debt expense on approximately 78 percent of our residential and commercial revenues. Additionally, higher gas costs may require us to increase borrowings under our credit facilities, resulting in higher interest expense. Finally, higher gas costs, as well as competitive factors in the industry and general economic conditions may cause customers to conserve or, in the case of industrial consumers, to use alternative energy sources.

During fiscal 2020, we completed 17 regulatory proceedings in our distribution segment, resulting in a $110.9 million increase in annual operating income.

Review of Financial and Operating Results

Financial and operational highlights for our distribution segment for the fiscal years ended September 30, 2020, 2019 and 2018 are presented below.

	For the Fiscal Year Ended September 30				
	2020	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
	(In thousands, unless otherwise noted)				
Operating revenues	$2,626,993	$2,745,461	$3,003,047	$(118,468)	$(257,586)
Purchased gas cost	1,071,227	1,268,591	1,559,836	(197,364)	(291,245)
Operating expenses[1]	1,027,523	1,006,098	957,544	21,425	48,554
Operating income	528,243	470,772	485,667	57,471	(14,895)
Other non-operating income (expense)[1]	(1,265)	6,241	(6,649)	(7,506)	12,890
Interest charges	39,634	60,031	65,850	(20,397)	(5,819)
Income before income taxes	487,344	416,982	413,168	70,362	3,814
Income tax expense	105,147	88,168	107,880	16,979	(19,712)
Non-cash income tax benefits[2]	(13,467)	—	(137,678)	(13,467)	137,678
Net income	$ 395,664	$ 328,814	$ 442,966	$ 66,850	$(114,152)
Consolidated distribution sales volumes — MMcf	291,650	315,476	300,817	(23,826)	14,659
Consolidated distribution transportation volumes — MMcf	147,387	155,078	150,566	(7,691)	4,512
Total consolidated distribution throughput — MMcf	439,037	470,554	451,383	(31,517)	19,171
Consolidated distribution average cost of gas per Mcf sold	$ 3.67	$ 4.02	$ 5.19	$ (0.35)	$ (1.17)

(1) In accordance with our adoption of new accounting standards, changes in comprehensive income statement presentation were implemented on a retrospective basis and impacted previously issued financial statements for fiscal 2018.

(2) See Note 13 to the consolidated financial statements for further information.

Fiscal year ended September 30, 2020 compared with fiscal year ended September 30, 2019

Operating income for our distribution segment increased 12 percent, which primarily reflects:

- an $86.8 million net increase in rate adjustments, primarily in our Mid-Tex, Mississippi, Louisiana and West Texas Divisions.
- a $13.7 million increase from customer growth primarily in our Mid-Tex Division.
- a $11.7 million decrease in operating expense in response to COVID-19:
  - $8.1 million associated with travel and entertainment and training.
  - $3.6 million associated with lower overtime/standby costs and benefit costs.

Partially offset by:

- a $18.4 million decrease attributable to COVID-19:
  - $5.9 million decrease in net consumption and transportation during the third and fourth fiscal quarter, primarily due to a 13 percent decrease in commercial volumes.
  - $6.3 million decrease in service order revenues primarily during the third and fourth quarter due to the cessation of collection activities during the third and fourth quarters.

- ○ $6.2 million increase in bad debt expense primarily due to the cessation of collection activities during the third and fourth quarters.

- a $30.6 million increase in depreciation expense and property taxes associated with increased capital investments.
- a $4.5 million increase in information technology spending to support the modernization of our systems.

The year-over-year change in other non-operating expense and interest charges of $12.9 million primarily reflects increased capitalized interest and AFUDC primarily due to increased capitalized spending, partially offset by an increase in interest expense due to the issuance of long-term debt during fiscal 2020, an increase in community support spending and an increase in pension and other postretirement non-service costs.

The fiscal year ended September 30, 2019 compared with fiscal year ended September 30, 2018 for our distribution segment is described in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

The following table shows our operating income by distribution division, in order of total rate base, for the fiscal years ended September 30, 2020, 2019 and 2018. The presentation of our distribution operating income is included for financial reporting purposes and may not be appropriate for ratemaking purposes.

	For the Fiscal Year Ended September 30				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
	(In thousands)				
Mid-Tex	$236,066	$202,050	$202,444	$34,016	$ (394)
Kentucky/Mid-States	76,745	73,965	81,105	2,780	(7,140)
Louisiana	71,892	70,440	70,609	1,452	(169)
West Texas	52,493	44,902	45,494	7,591	(592)
Mississippi	55,938	46,229	47,237	9,709	(1,008)
Colorado-Kansas	34,039	34,362	32,333	(323)	2,029
Other	1,070	(1,176)	6,445	2,246	(7,621)
Total	$528,243	$470,772	$485,667	$57,471	$(14,895)

Pipeline and Storage Segment

Our pipeline and storage segment consists of the pipeline and storage operations of our APT Division and our natural gas transmission operations in Louisiana. Over 80 percent of this segment's revenues are derived from transportation and storage services provided by APT to our Mid-Tex Division, other third party local distribution companies, industrial and electric generation customers, as well as marketers and producers.

Our pipeline and storage segment is impacted by seasonal weather patterns, competitive factors in the energy industry and economic conditions in our Texas and Louisiana service areas. Natural gas prices do not directly impact the results of this segment as revenues are derived from the transportation and storage of natural gas. However, natural gas prices and demand for natural gas could influence the level of drilling activity in the supply areas that we serve, which may influence the level of throughput we may be able to transport on our pipelines. Further, natural gas price differences between the various hubs that we serve in Texas could influences the volumes of gas transported for shippers through Texas pipeline systems and rates for such transportation.

The results of APT are also significantly impacted by the natural gas requirements of its local distribution company customers. Additionally, its operations may be impacted by the timing of when costs and expenses are incurred and when these costs and expenses are recovered through its tariffs.

APT annually uses GRIP to recover capital costs incurred in the prior calendar year. On February 14, 2020, APT made a GRIP filing that covered changes in net investment from January 1, 2019 through December 31, 2019 with a requested increase in operating income of $49.3 million. On May 20, 2020, the RRC approved the Company's GRIP filing.

On December 21, 2016, the Louisiana Public Service Commission approved an annual increase of five percent to the demand fee charged by our natural gas transmission pipeline for each of the next 10 years, effective October 1, 2017.

Review of Financial and Operating Results

Financial and operational highlights for our pipeline and storage segment for the fiscal years ended September 30, 2020, 2019 and 2018 are presented below.

	For the Fiscal Year Ended September 30				
	2020	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
	(In thousands, unless otherwise noted)				
Mid-Tex / Affiliate transportation revenue	$474,077	$428,586	$384,500	$ 45,491	$44,086
Third-party transportation revenue	127,444	129,930	115,207	(2,486)	14,723
Other revenue	7,818	8,508	8,006	(690)	502
Total operating revenues	609,339	567,024	507,713	42,315	59,311
Total purchased gas cost	1,548	(360)	1,978	1,908	(2,338)
Operating expenses	311,935	292,098	263,468	19,837	28,630
Operating income	295,856	275,286	242,267	20,570	33,019
Other non-operating income (expense)	8,436	1,163	(3,495)	7,273	4,658
Interest charges	44,840	43,122	40,796	1,718	2,326
Income before income taxes	259,452	233,327	197,976	26,125	35,351
Income tax expense	61,168	50,735	58,982	10,433	(8,247)
Non-cash income tax benefits(1)	(7,495)	—	(21,104)	(7,495)	21,104
Net income	$205,779	$182,592	$160,098	$ 23,187	$22,494
Gross pipeline transportation volumes — MMcf	822,499	939,376	871,904	(116,877)	67,472
Consolidated pipeline transportation volumes — MMcf	621,371	721,998	663,900	(100,627)	58,098

(1) See Note 13 to the consolidated financial statements for further information.

Fiscal year ended September 30, 2020 compared with fiscal year ended September 30, 2019

Operating income for our pipeline and storage segment increased seven percent, which primarily reflects:

- a $53.2 million net increase due to rate adjustments from the GRIP filing approved in May 2019 and 2020. The increase in rates was driven by increased safety and reliability spending.

Partially offset by:

- a $13.6 million net decrease primarily associated with the tightening of regional spreads driven by a reduction in associated Permian Basin gas production.
- a $12.5 million increase in depreciation expense associated with increased capital investments.
- a $9.4 million increase in system maintenance expense primarily due to spending on hydro testing and in-line inspections.

The year-over-year change in other non-operating income and interest charges of $5.6 million reflects increased AFUDC primarily due to increased capital spending, partially offset by an increase in interest expense due to the issuance of long-term debt during fiscal 2020.

The fiscal year ended September 30, 2019 compared with fiscal year ended September 30, 2018 for our pipeline and storage segment is described in Item 7 “Management’s Discussion and Analysis of Financial

Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

The liquidity required to fund our working capital, capital expenditures and other cash needs is provided from a combination of internally generated cash flows and external debt and equity financing. As of September 30, 2020, external debt financing is provided primarily through the issuance of long-term debt, a $1.5 billion commercial paper program and four committed revolving credit facilities with a total availability from third-party lenders of approximately $2.2 billion. The commercial paper program and credit facilities provide cost-effective, short-term financing until it can be replaced with a balance of long-term debt and equity financing that achieves the Company's desired capital structure with an equity-to-total-capitalization ratio between 50% and 60%, inclusive of long-term and short-term debt. Additionally, we have various uncommitted trade credit lines with our gas suppliers that we utilize to purchase natural gas on a monthly basis.

We have a shelf registration statement on file with the Securities and Exchange Commission (SEC) that allows us to issue up to $4.0 billion in common stock and/or debt securities. As of the date of this report, approximately $2.4 billion of securities remained available for issuance under the shelf registration statement, which expires February 11, 2023.

We also have an at-the-market (ATM) equity sales program that allows us to issue and sell shares of our common stock up to an aggregate offering price of $1.0 billion, which expires February 11, 2023. At September 30, 2020, approximately $552 million of equity is available for issuance under this ATM equity sales program. Additionally, as of September 30, 2020, we have $345.2 million in proceeds from previously executed forward sale agreements that must be settled during fiscal 2021.

The liquidity provided by these sources is expected to be sufficient to fund the Company's working capital needs and capital expenditures program.

The following table presents our capitalization as of September 30, 2020 and 2019:

	September 30			
	2020		2019	
	(In thousands, except percentages)			
Short-term debt	$ —	—%	$ 464,915	4.8%
Long-term debt[1]	4,531,944	40.0%	3,529,452	36.2%
Shareholders' equity	6,791,203	60.0%	5,750,223	59.0%
Total capitalization, including short-term debt	$11,323,147	100.0%	$9,744,590	100.0%

(1) Inclusive of our finance leases as of September 30, 2020.

Cash Flows

Our internally generated funds may change in the future due to a number of factors, some of which we cannot control. These factors include regulatory changes, the price for our services, the demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks and other factors.

Cash flows from operating, investing and financing activities for the years ended September 30, 2020, 2019 and 2018 are presented below.

	For the Fiscal Year Ended September 30				
	2020	2019	2018	2020 vs. 2019	2018 vs. 2017
			(In thousands)		
Total cash provided by (used in)					
Operating activities	$ 1,037,999	$ 968,769	$ 1,124,662	$ 69,230	$(155,893)
Investing activities	(1,925,518)	(1,683,660)	(1,463,566)	(241,858)	(220,094)
Financing activities	883,777	725,670	326,266	158,107	399,404
Change in cash and cash equivalents	(3,742)	10,779	(12,638)	(14,521)	23,417
Cash and cash equivalents at beginning of period	24,550	13,771	26,409	10,779	(12,638)
Cash and cash equivalents at end of period	$ 20,808	$ 24,550	$ 13,771	$ (3,742)	$ 10,779

Cash flows for the fiscal year ended September 30, 2019 compared with fiscal year ended September 30, 2018 is described in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

Cash flows from operating activities

For the fiscal year ended September 30, 2020, we generated cash flow from operating activities of $1,038.0 million compared with $968.8 million in the prior year. The year-over-year increase in operating cash flows reflects positive cash effects of rate case outcomes achieved in fiscal 2019 and working capital changes, primarily as a result of the timing of gas cost recoveries under our purchase gas cost mechanisms.

Cash flows from investing activities

Our capital expenditures are primarily used to improve the safety and reliability of our distribution and transmission system through pipeline replacement and system modernization and to enhance and expand our system to meet customer needs. Over the last three fiscal years, approximately 87 percent of our capital spending has been committed to improving the safety and reliability of our system.

We allocate our capital spending among our service areas using risk management models and subject matter experts to identify, assess and develop a plan of action to address our highest risk facilities. We have regulatory mechanisms in most of our service areas that provide the opportunity to include approved capital costs in rate base on a periodic basis without being required to file a rate case. These mechanisms permit us a reasonable opportunity to earn a fair return on our investment without compromising safety or reliability.

For the fiscal year ended September 30, 2020, we had $1.9 billion in capital expenditures compared with $1.7 billion for the fiscal year ended September 30, 2019. Capital spending increased by $242.2 million, or 14 percent, as a result of planned increases to modernize our system.

Cash flows from financing activities

Our financing activities provided $883.8 million and $725.7 million in cash for fiscal years 2020 and 2019.

During the fiscal year ended September 30, 2020, we received $1.6 billion in net proceeds from the issuance of long-term debt and equity. We completed a public offering of $300 million of 2.625% senior notes due 2029 and $500 million of 3.375% senior notes due 2049 and entered into a two year $200 million term loan. We received net proceeds from these offerings, after the underwriting discount and offering expenses, of $791.7 million. Additionally, during the fiscal year ended September 30, 2020, we settled 6,101,916 shares that had been sold on a forward basis for net proceeds of approximately $624 million. The net proceeds were used primarily to support capital spending, reduce short-term debt and other general corporate purposes.

Additionally, cash dividends increased due to a 9.5 percent increase in our dividend rate and an increase in shares outstanding.

During the fiscal year ended September 30, 2019, we received $1.7 billion in net proceeds from the issuance of long-term debt and equity. A portion of the net proceeds was used to repay at maturity our $450 million 8.50% unsecured senior notes and the related settlement of our interest rate swaps for $90.1 million, to repay at maturity our $125 million floating rate term loan, to reduce short-term debt, to support our capital spending and for other general corporate purposes. Cash dividends increased due to an 8.2 percent increase in our dividend rate and an increase in shares outstanding.

The following table shows the number of shares issued for the fiscal years ended September 30, 2020, 2019 and 2018:

	For the Fiscal Year Ended September 30		
	2020	2019	2018
Shares issued:			
Direct Stock Purchase Plan	107,989	110,063	131,213
Retirement Savings Plan and Trust	78,941	81,456	94,081
1998 Long-Term Incentive Plan (LTIP)	254,706	299,612	385,351
Equity Issuance[(1)]	6,101,916	7,574,111	4,558,404
Total shares issued	6,543,552	8,065,242	5,169,049

(1) Share amounts do not include shares issued under forward sale agreements until the shares have been settled.

Credit Ratings

Our credit ratings directly affect our ability to obtain short-term and long-term financing, in addition to the cost of such financing. In determining our credit ratings, the rating agencies consider a number of quantitative factors, including but not limited to, debt to total capitalization, operating cash flow relative to outstanding debt, operating cash flow coverage of interest and operating cash flow less dividends to debt. In addition, the rating agencies consider qualitative factors such as consistency of our earnings over time, the risks associated with our business and the regulatory structures that govern our rates in the states where we operate.

Our debt is rated by two rating agencies: Standard & Poor's Corporation (S&P) and Moody's Investors Service (Moody's). On December 16, 2019, Moody's upgraded our senior unsecured long-term debt rating to A1 and changed their outlook to stable, citing our strong credit metrics as a result of continued improvement in rate design to minimize regulatory lag and our balanced fiscal policy.

As of September 30, 2020, our outlook and current debt ratings, which are all considered investment grade are as follows:

	S&P	Moody's
Senior unsecured long-term debt	A	A1
Short-term debt	A-1	P-1
Outlook	Stable	Stable

A significant degradation in our operating performance or a significant reduction in our liquidity caused by more limited access to the private and public credit markets as a result of deteriorating global or national financial and credit conditions could trigger a negative change in our ratings outlook or even a reduction in our credit ratings by the two credit rating agencies. This would mean more limited access to the private and public credit markets and an increase in the costs of such borrowings.

A credit rating is not a recommendation to buy, sell or hold securities. The highest investment grade credit rating is AAA for S&P and Aaa for Moody's. The lowest investment grade credit rating is BBB- for S&P and Baa3 for Moody's. Our credit ratings may be revised or withdrawn at any time by the rating agencies, and each rating should be evaluated independently of any other rating. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, or withdrawn entirely, by a rating agency if, in its judgment, circumstances so warrant.

Debt Covenants

We were in compliance with all of our debt covenants as of September 30, 2020. Our debt covenants are described in Note 7 to the consolidated financial statements.

Contractual Obligations and Commercial Commitments

The following table provides information about contractual obligations and commercial commitments at September 30, 2020.

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(In thousands)		
Contractual Obligations					
Long-term debt[1]	$4,560,000	$ —	$200,000	$ 10,000	$4,350,000
Interest charges[2]	3,925,475	194,092	381,386	378,984	2,971,013
Finance leases[3]	16,477	741	1,513	1,557	12,666
Operating leases[4]	278,181	40,049	70,176	41,573	126,383
Financial instrument obligations[5]	2,015	2,015	—	—	—
Pension and postretirement benefit plan contributions[6]	423,505	60,553	133,694	85,792	143,466
Uncertain tax positions [7]	30,921	—	30,921	—	—
Total contractual obligations	$9,236,574	$297,450	$817,690	$517,906	$7,603,528

(1) Long-term debt excludes our finance lease obligations, which are separately reported within this table. See Note 7 to the consolidated financial statements for further details.

(2) Interest charges were calculated using the effective rate for each debt issuance.

(3) Finance lease payments shown above include interest totaling $7.8 million. See Note 6 to the consolidated financial statements.

(4) Operating lease payments shown above include interest totaling $41.4 million. See Note 6 to the consolidated financial statements.

(5) Represents liabilities for natural gas commodity financial instruments that were valued as of September 30, 2020. The ultimate settlement amounts of these remaining liabilities are unknown because they are subject to continuing market risk until the financial instruments are settled.

(6) Represents expected contributions to our defined benefit and postretirement benefit plans, which are discussed in Note 9 to the consolidated financial statements.

(7) Represents liabilities associated with uncertain tax positions claimed or expected to be claimed on tax returns. The amount does not include interest and penalties that may be applied to these positions.

We maintain supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of individual contracts. Our Mid-Tex Division also maintains a limited number of long-term supply contracts to ensure a reliable source of gas for our customers in its service area which obligate it to purchase specified volumes at market and fixed prices. At September 30, 2020, we were committed to purchase 59.3 Bcf within one year, 57.0 Bcf within two to three years and 0.1 Bcf beyond three years under indexed contracts.

Risk Management Activities

In our distribution and pipeline and storage segments, we use a combination of physical storage, fixed physical contracts and fixed financial contracts to reduce our exposure to unusually large winter-period gas price increases. Additionally, we manage interest rate risk by entering into financial instruments to effectively fix the Treasury yield component of the interest cost associated with anticipated financings.

We record our financial instruments as a component of risk management assets and liabilities, which are classified as current or noncurrent based upon the anticipated settlement date of the underlying financial instrument. Substantially all of our financial instruments are valued using external market quotes and indices.

The following table shows the components of the change in fair value of our financial instruments for the fiscal year ended September 30, 2020 (in thousands):

Fair value of contracts at September 30, 2019	$ (3,990)
Contracts realized/settled	(2,731)
Fair value of new contracts	2,570
Other changes in value	82,814
Fair value of contracts at September 30, 2020	78,663
Netting of cash collateral	—
Cash collateral and fair value of contracts at September 30, 2020	$78,663

The fair value of our financial instruments at September 30, 2020, is presented below by time period and fair value source:

	Fair Value of Contracts at September 30, 2020				
	Maturity in years				
Source of Fair Value	Less than 1	1-3	4-5	Greater than 5	Total Fair Value
	(In thousands)				
Prices actively quoted	$3,672	$49,371	$25,620	$—	$78,663
Prices based on models and other valuation methods	—	—	—	—	—
Total Fair Value	$3,672	$49,371	$25,620	$—	$78,663

RECENT ACCOUNTING DEVELOPMENTS

Recent accounting developments and their impact on our financial position, results of operations and cash flows are described in Note 2 to the consolidated financial statements.

ITEM 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

We are exposed to risks associated with commodity prices and interest rates. Commodity price risk is the potential loss that we may incur as a result of changes in the fair value of a particular instrument or commodity. Interest-rate risk is the potential increased cost we could incur when we issue debt instruments or to provide financing and liquidity for our business activities. Additionally, interest-rate risk could affect our ability to issue cost effective equity instruments.

We conduct risk management activities in our distribution and pipeline and storage segments. In our distribution segment, we use a combination of physical storage, fixed-price forward contracts and financial instruments, primarily over-the-counter swap and option contracts, in an effort to minimize the impact of natural gas price volatility on our customers during the winter heating season. Our risk management activities and related accounting treatment are described in further detail in Note 14 to the consolidated financial statements. Additionally, our earnings are affected by changes in short-term interest rates as a result of our issuance of short-term commercial paper and our other short-term borrowings.

Commodity Price Risk

We purchase natural gas for our distribution operations. Substantially all of the costs of gas purchased for distribution operations are recovered from our customers through purchased gas cost adjustment mechanisms. Therefore, our distribution operations have limited commodity price risk exposure.

Interest Rate Risk

Our earnings are exposed to changes in short-term interest rates associated with our short-term commercial paper program and other short-term borrowings. We use a sensitivity analysis to estimate our short-term interest rate risk. For purposes of this analysis, we estimate our short-term interest rate risk as the difference between our actual interest expense for the period and estimated interest expense for the period assuming a hypothetical average one percent increase in the interest rates associated with our short-term borrowings. Had interest rates associated with our short-term borrowings increased by an average of one percent, our interest expense would not have materially increased during 2020.

ITEM 8. ***Financial Statements and Supplementary Data.***

Index to financial statements and financial statement schedule:

All other financial statement schedules are omitted because the required information is not present, or not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements and accompanying notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Atmos Energy Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Atmos Energy Corporation (the "Company") as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended September 30, 2020, and the related notes and financial statement schedule listed in the Index at Item 8 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2020, in conformity with US generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 13, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Determination of Capital Costs

Description of the Matter	As more fully described in Note 2 to the financial statements, the Company capitalizes the direct and indirect costs of construction. Once a project is completed, it is placed into service and included in the Company's rate base. Costs of maintenance and repairs that are not included in the Company's rate base are charged to expense. For the year ended September 30, 2020, the Company capitalized approximately $1.9 billion of construction-related costs for regulated property, plant and equipment. Auditing management's identification of capital additions and maintenance and repairs expense involved significant effort and auditor judgment. These amounts have both a higher magnitude and a higher likelihood of potential misstatement. As a cost-based, rate-regulated entity, the rates charged to customers are designed to recover the entity's costs and provide a rate of return on rate base. Net property, plant and equipment is the most significant component of the Company's rate base. As a result, inappropriate capitalization of costs could affect the amount, timing and classification of revenues and expenses in the consolidated financial statements.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the initial determination and approval of expenditures for either capital additions or maintenance and repair. For example, we selected a sample of projects initiated during the year to evaluate the effectiveness of management's review controls to determine the proper categorization of project expenditures as either capitalizable costs or current-period expense. Our audit procedures included, among others, testing a sample of projects initiated during the year, including the evaluation of the nature of the project, with Company personnel outside of accounting and financial reporting. For example, we evaluated project setup through inspection of each project's description for compliance with the Company's capitalization policy as described in Note 2 and a series of inquiries of the project approver to understand how they assessed whether projects should be treated as capital or expense. Other audit procedures included evaluating whether the descriptions and amounts included on third-party invoices either support or contradict the project classification as capital, evaluating the appropriateness of individuals capitalizing direct labor charges to projects by assessing the relevance of their job function to the capital project, and recalculating other overhead costs capitalized to projects.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1983.

Dallas, Texas
November 13, 2020

ATMOS ENERGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30	
	2020	2019
	(In thousands, except share data)	
ASSETS		
Property, plant and equipment	$15,539,166	$13,758,899
Construction in progress	418,055	421,694
	15,957,221	14,180,593
Less accumulated depreciation and amortization	2,601,874	2,392,924
Net property, plant and equipment	13,355,347	11,787,669
Current assets		
Cash and cash equivalents	20,808	24,550
Accounts receivable, less allowance for doubtful accounts of $29,949 in 2020 and $15,899 in 2019	230,595	230,571
Gas stored underground	111,950	130,138
Other current assets	107,905	72,772
Total current assets	471,258	458,031
Goodwill	731,257	730,706
Deferred charges and other assets	801,170	391,213
	$15,359,032	$13,367,619
CAPITALIZATION AND LIABILITIES		
Shareholders' equity		
Common stock, no par value (stated at $0.005 per share); 200,000,000 shares authorized; issued and outstanding: 2020 — 125,882,477 shares; 2019 — 119,338,925 shares	$ 629	$ 597
Additional paid-in capital	4,377,149	3,712,194
Accumulated other comprehensive loss	(57,589)	(114,583)
Retained earnings	2,471,014	2,152,015
Shareholders' equity	6,791,203	5,750,223
Long-term debt	4,531,779	3,529,452
Total capitalization	11,322,982	9,279,675
Commitments and contingencies (See Note 12)		
Current liabilities		
Accounts payable and accrued liabilities	235,775	265,024
Other current liabilities	546,461	479,501
Short-term debt	—	464,915
Current maturities of long-term debt	165	—
Total current liabilities	782,401	1,209,440
Deferred income taxes	1,456,569	1,300,015
Regulatory excess deferred taxes (See Note 13)	697,764	705,101
Regulatory cost of removal obligation	457,188	473,172
Deferred credits and other liabilities	642,128	400,216
	$15,359,032	$13,367,619

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended September 30		
	2020	2019	2018
	(In thousands, except per share data)		
Operating revenues			
Distribution segment	$2,626,993	$2,745,461	$3,003,047
Pipeline and storage segment	609,339	567,024	507,713
Intersegment eliminations	(415,195)	(410,637)	(395,214)
Total operating revenues	2,821,137	2,901,848	3,115,546
Purchased gas cost			
Distribution segment	1,071,227	1,268,591	1,559,836
Pipeline and storage segment	1,548	(360)	1,978
Intersegment eliminations	(413,921)	(409,394)	(393,966)
Total purchased gas cost	658,854	858,837	1,167,848
Operation and maintenance expense	629,601	630,308	594,795
Depreciation and amortization expense	429,828	391,456	361,083
Taxes, other than income	278,755	275,189	263,886
Operating income	824,099	746,058	727,934
Other non-operating income (expense)	7,171	7,404	(10,144)
Interest charges	84,474	103,153	106,646
Income before income taxes	746,796	650,309	611,144
Income tax expense	145,353	138,903	8,080
Net income	$ 601,443	$ 511,406	$ 603,064
Basic net income per share	$ 4.89	$ 4.36	$ 5.43
Diluted net income per share	$ 4.89	$ 4.35	$ 5.43
Weighted average shares outstanding:			
Basic	122,788	117,200	111,012
Diluted	122,872	117,461	111,012
Net Income	$ 601,443	$ 511,406	$ 603,064
Other comprehensive income (loss), net of tax			
Net unrealized holding gains (losses) on available-for-sale securities, net of tax of $32, $64 and $(146)	106	218	(395)
Cash flow hedges:			
Amortization and unrealized gain (loss) on interest rate agreements, net of tax of $17,198, $(6,782) and $13,017	56,888	(22,944)	44,936
Total other comprehensive income (loss)	56,994	(22,726)	44,541
Total comprehensive income	$ 658,437	$ 488,680	$ 647,605

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2017	106,104,634	$531	$2,536,365	$(105,254)	$1,467,024	$3,898,666
Net income	—	—	—	—	603,064	603,064
Other comprehensive income	—	—	—	44,541	—	44,541
Cash dividends ($1.94 per share)	—	—	—	—	(214,906)	(214,906)
Cumulative effect of accounting change	—	—	—	(22,934)	22,934	—
Common stock issued:						
Public offering	4,558,404	22	395,070	—	—	395,092
Direct stock purchase plan	131,213	1	11,322	—	—	11,323
Retirement savings plan	94,081	—	8,240	—	—	8,240
1998 Long-term incentive plan	385,351	2	3,469	—	—	3,471
Employee stock-based compensation	—	—	20,460	—	—	20,460
Balance, September 30, 2018	111,273,683	556	2,974,926	(83,647)	1,878,116	4,769,951
Net income	—	—	—	—	511,406	511,406
Other comprehensive loss	—	—	—	(22,726)	—	(22,726)
Cash dividends ($2.10 per share)	—	—	—	—	(245,717)	(245,717)
Cumulative effect of accounting change	—	—	—	(8,210)	8,210	—
Common stock issued:						
Public offering	7,574,111	38	694,065	—	—	694,103
Direct stock purchase plan	110,063	1	11,070	—	—	11,071
Retirement savings plan	81,456	—	8,252	—	—	8,252
1998 Long-term incentive plan	299,612	2	2,946	—	—	2,948
Employee stock-based compensation	—	—	20,935	—	—	20,935
Balance, September 30, 2019	119,338,925	597	3,712,194	(114,583)	2,152,015	5,750,223
Net income	—	—	—	—	601,443	601,443
Other comprehensive income	—	—	—	56,994	—	56,994
Cash dividends ($2.30 per share)	—	—	—	—	(282,444)	(282,444)
Common stock issued:						
Public offering	6,101,916	30	624,272	—	—	624,302
Direct stock purchase plan	107,989	1	11,325	—	—	11,326
Retirement savings plan	78,941	—	8,222	—	—	8,222
1998 Long-term incentive plan	254,706	1	2,748	—	—	2,749
Employee stock-based compensation	—	—	18,388	—	—	18,388
Balance, September 30, 2020	125,882,477	$629	$4,377,149	$ (57,589)	$2,471,014	$6,791,203

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30		
	2020	2019	2018
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 601,443	$ 511,406	$ 603,064
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	429,828	391,456	361,083
Deferred income taxes	155,322	132,004	158,271
One-time income tax benefit	(20,962)	—	(158,782)
Stock-based compensation	9,583	11,121	12,863
Amortization of debt issuance costs	11,543	9,464	7,865
Equity component of AFUDC	(23,493)	(11,165)	—
Other	8,411	1,169	5,437
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	7,167	18,724	(29,208)
Decrease in gas stored underground	18,188	35,594	18,921
(Increase) decrease in other current assets	(35,878)	(26,590)	60,424
Increase in deferred charges and other assets	(31,935)	(58,403)	(10,049)
Increase (decrease) in accounts payable and accrued liabilities	7,359	9,908	(11,857)
Increase (decrease) in other current liabilities	(129,543)	(103,895)	74,707
Increase in deferred credits and other liabilities	30,966	47,976	31,923
Net cash provided by operating activities	1,037,999	968,769	1,124,662
CASH FLOWS USED IN INVESTING ACTIVITIES			
Capital expenditures	(1,935,676)	(1,693,477)	(1,467,591)
Proceeds from the sale of discontinued operations	—	4,000	3,000
Purchases of debt and equity securities	(50,517)	(29,153)	(46,401)
Proceeds from sale of debt and equity securities	32,339	6,070	22,360
Maturities of debt securities	18,669	20,299	15,716
Other, net	9,667	8,601	9,350
Net cash used in investing activities	(1,925,518)	(1,683,660)	(1,463,566)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in short-term debt	(464,915)	(110,865)	128,035
Proceeds from issuance of long-term debt, net of premium/discount	999,450	1,045,221	—
Net proceeds from equity offering	624,302	694,103	395,092
Issuance of common stock through stock purchase and employee retirement plans	19,548	19,323	19,563
Settlement of interest rate swaps	(4,426)	(90,141)	—
Repayment of long-term debt	—	(575,000)	—
Cash dividends paid	(282,444)	(245,717)	(214,906)
Debt issuance costs	(7,738)	(11,254)	—
Other	—	—	(1,518)
Net cash provided by financing activities	883,777	725,670	326,266
Net increase (decrease) in cash and cash equivalents	(3,742)	10,779	(12,638)
Cash and cash equivalents at beginning of year	24,550	13,771	26,409
Cash and cash equivalents at end of year	$ 20,808	$ 24,550	$ 13,771

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

Atmos Energy Corporation (Atmos Energy or the "Company") and its subsidiaries are engaged in the regulated natural gas distribution and pipeline and storage businesses. Through our distribution business, we deliver natural gas through sales and transportation arrangements to over three million residential, commercial, public-authority and industrial customers through our six regulated distribution divisions in the service areas described below:

Division	Service Area
Atmos Energy Colorado-Kansas Division	Colorado, Kansas
Atmos Energy Kentucky/Mid-States Division	Kentucky, Tennessee, Virginia[1]
Atmos Energy Louisiana Division	Louisiana
Atmos Energy Mid-Tex Division	Texas, including the Dallas/Fort Worth metropolitan area
Atmos Energy Mississippi Division	Mississippi
Atmos Energy West Texas Division	West Texas

(1) Denotes location where we have more limited service areas.

In addition, we transport natural gas for others through our distribution system. Our distribution business is subject to federal and state regulation and/or regulation by local authorities in each of the states in which our distribution divisions operate. Our corporate headquarters and shared-services function are located in Dallas, Texas, and our customer support centers are located in Amarillo and Waco, Texas.

Our pipeline and storage business, which is also subject to federal and state regulation, consists of the pipeline and storage operations of our Atmos Pipeline–Texas (APT) Division and our natural gas transmission business in Louisiana. The APT division provides transportation and storage services to our Mid-Tex Division, other third-party local distribution companies, industrial and electric generation customers, as well as marketers and producers. As part of its pipeline operations, APT manages five underground storage facilities in Texas. We also provide ancillary services customary to the pipeline industry including parking arrangements, lending and sales of inventory on hand. Our natural gas transmission operations in Louisiana are comprised of a 21-mile pipeline located in the New Orleans, Louisiana area that is primarily used to aggregate gas supply for our distribution division in Louisiana under a long-term contract and on a more limited basis, to third parties.

2. Summary of Significant Accounting Policies

Principles of consolidation — The accompanying consolidated financial statements include the accounts of Atmos Energy Corporation and its wholly-owned subsidiaries. All material intercompany transactions have been eliminated; however, we have not eliminated intercompany profits when such amounts are probable of recovery under the affiliates' rate regulation process.

Use of estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The most significant estimates include the allowance for doubtful accounts, unbilled revenues, contingency accruals, pension and postretirement obligations, deferred income taxes, impairment of long-lived assets, risk management and trading activities, fair value measurements and the valuation of goodwill and other long-lived assets. Actual results could differ from those estimates.

Regulation — Our distribution and pipeline and storage operations are subject to regulation with respect to rates, service, maintenance of accounting records and various other matters by the respective regulatory authorities in the states in which we operate. Our accounting policies recognize the financial effects of the ratemaking and accounting practices and policies of the various regulatory commissions. Accounting principles generally accepted in the United States require cost-based, rate-regulated entities that meet certain criteria to reflect the authorized recovery of costs due to regulatory decisions in their financial statements. As a result, certain costs are permitted to be capitalized rather than expensed because they can be recovered through rates. We record certain costs as regulatory assets when future recovery through customer rates is considered probable. Regulatory liabilities are recorded when it is probable that revenues will be reduced for amounts that will be credited to customers through the ratemaking process. The amounts to be recovered or recognized are based upon historical experience and our understanding of the regulations. Further, regulation may impact the period in which revenues or expenses are recognized.

Substantially all of our regulatory assets are recorded as a component of deferred charges and other assets and our regulatory liabilities are recorded as a component of other current liabilities and deferred credits and other liabilities. Deferred gas costs are recorded either in other current assets or liabilities and the long-term portion of regulatory excess deferred taxes and regulatory cost of removal obligation are reported separately. Significant regulatory assets and liabilities as of September 30, 2020 and 2019 included the following:

	September 30	
	2020	2019
	(In thousands)	
Regulatory assets:		
Pension and postretirement benefit costs	$ 149,089	$ 86,089
Infrastructure mechanisms[1]	183,943	131,894
Deferred gas costs	40,593	23,766
Recoverable loss on reacquired debt	4,894	6,551
Deferred pipeline record collection costs	29,839	26,418
Other	6,283	9,829
	$ 414,641	$ 284,547
Regulatory liabilities:		
Regulatory excess deferred taxes[2]	$ 718,651	$ 726,307
Regulatory cost of service reserve	1,716	5,238
Regulatory cost of removal obligation	531,096	528,893
Deferred gas costs	19,985	14,112
Asset retirement obligation	20,348	17,054
APT annual adjustment mechanism	57,379	78,402
Other	17,838	16,120
	$1,367,013	$1,386,126

(1) Infrastructure mechanisms in Texas, Louisiana and Tennessee allow for the deferral of all eligible expenses associated with capital expenditures incurred pursuant to these rules, including the recording of interest on the deferred expenses until the next rate proceeding (rate case or annual rate filing), at which time investment and costs would be recovered through base rates.

(2) Due to the passage of the Kansas House Bill 2585, on June 1, 2020, we remeasured our deferred tax liability and updated our state deferred tax rate resulting in a $12.1 million regulatory liability as of September 30, 2020. The remaining amount reflects the remeasurement of the net deferred tax liability included in our rate base as a result of the Tax Cuts and Jobs Act of 2017 (the TCJA). Of this amount, $20.9 million as of September 30, 2020 and $21.2 million as of September 30, 2019 is recorded in other current liabilities. See Note 13 for further information.

As of September 30, 2020, we received regulatory orders in most states to defer into a regulatory asset all expenses, beyond the normal course of business, related to Coronavirus Disease 2019 (COVID-19), including bad debt expense. As of September 30, 2020, no amounts have been recorded as regulatory assets or liabilities for expenses related to COVID-19.

Revenue recognition

Distribution Revenues

Distribution revenues represent the delivery of natural gas to residential, commercial, industrial and public authority customers at prices based on tariff rates established by regulatory authorities in the states in which we operate. Revenue is recognized and our performance obligation is satisfied over time when natural gas is delivered and simultaneously consumed by our customers. We have elected to use the invoice practical expedient and recognize revenue for volumes delivered that we have the right to invoice our customers. We read meters and bill our customers on a monthly cycle basis. Accordingly, we estimate volumes from the last meter read to the balance sheet date and accrue revenue for gas delivered but not yet billed.

In our Texas and Mississippi jurisdictions, we pay franchise fees and gross receipt taxes to operate in these service areas. These franchise fees and gross receipts taxes are required to be paid regardless of our ability to collect from our customers. Accordingly, we account for these amounts on a gross basis in revenue and we record the associated tax expense as a component of taxes, other than income.

Pipeline and Storage Revenues

Pipeline and storage revenues primarily represent the transportation and storage of natural gas on our APT system and the transmission of natural gas through our 21-mile pipeline in Louisiana. APT provides transportation and storage services to our Mid-Tex Division, other third party local distribution companies and certain industrial customers under tariff rates approved by the RRC. APT also provides certain transportation and storage services to industrial and electric generation customers, as well as marketers and producers, under negotiated rates. Our pipeline in Louisiana is primarily used to aggregate gas supply for our Louisiana Division under a long-term contract and on a more limited basis to third parties. The demand fee charged to our Louisiana Division is subject to regulatory approval by the Louisiana Public Service Commission. We also manage two asset management plans with distribution affiliates of the Company at terms that have been approved by the applicable state regulatory commissions. The performance obligations for these transportation customers are satisfied by means of transporting customer-supplied gas to the designated location. Revenue is recognized and our performance obligation is satisfied over time when natural gas is delivered to the customer. Management determined that these arrangements qualify for the invoice practical expedient for recognizing revenue. For demand fee arrangements, revenue is recognized and our performance obligation is satisfied by standing ready to transport natural gas over the period of each individual month.

Alternative Revenue Program Revenues

In our distribution segment, we have weather-normalization adjustment mechanisms that serve to minimize the effects of weather on our residential and commercial revenues. Additionally, APT has a regulatory mechanism that requires that we share with its tariffed customers 75% of the difference between the total non-tariffed revenues earned during a test period and a revenue benchmark of $69.4 million that was established in its most recent rate case. Differences between actual revenues and revenues calculated under these mechanisms adjust the amount billed to customers. These mechanisms are considered to be alternative revenue programs under accounting standards generally accepted in the United States as they are deemed to be contracts between us and our regulator. Accordingly, revenue under these mechanisms are excluded from revenue from contracts with customers.

Purchased gas costs — Rates established by regulatory authorities are adjusted for increases and decreases in our purchased gas costs through purchased gas cost adjustment mechanisms. Purchased gas cost adjustment mechanisms provide gas distribution companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case to address all of their non-gas costs. There is no margin generated through purchased gas cost adjustments, but they provide a dollar-for-dollar offset to increases or decreases in our distribution segment's gas costs. The effects of these purchased gas cost adjustment mechanisms are recorded as deferred gas costs on our consolidated balance sheets.

Cash and cash equivalents — We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts — Accounts receivable arise from natural gas sales to residential, commercial, industrial, public authority and other customers. We establish an allowance for doubtful accounts to reduce the net receivable balance to the amount we reasonably expect to collect based on our collection experience or where we are aware of a specific customer's inability or reluctance to pay. However, if circumstances change, our estimate of the recoverability of accounts receivable could be affected. Circumstances which could affect our estimates include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Accounts are written off once they are deemed to be uncollectible.

Gas stored underground — Our gas stored underground is comprised of natural gas injected into storage to support the winter season withdrawals for our distribution operations. The average cost method is used for all of our distribution operations. Gas in storage that is retained as cushion gas to maintain reservoir pressure is classified as property, plant and equipment and is valued at cost.

Property, plant and equipment — Regulated property, plant and equipment is stated at original cost, net of contributions in aid of construction. The cost of additions includes direct construction costs, payroll related costs (taxes, pensions and other benefits), administrative and general costs and an allowance for funds used during construction. The allowance for funds used during construction (AFUDC) represents the capitalizable total cost of funds used to finance the construction of major projects.

The following table details amounts capitalized for the fiscal year ended September 30.

Component of AFUDC	Statement of Comprehensive Income Location	2020	2019 (In thousands)	2018
Debt	Interest charges	$ 8,436	$ 7,643	$6,810
Equity	Other non-operating income (expense)	23,493	11,165	—
		$31,929	$18,808	$6,810

Major renewals, including replacement pipe, and betterments that are recoverable through our regulatory rate base are capitalized while the costs of maintenance and repairs that are not capitalizable are charged to expense as incurred. The costs of large projects are accumulated in construction in progress until the project is completed. When the project is completed, tested and placed in service, the balance is transferred to the regulated plant in service account included in the rate base and depreciation begins.

Regulated property, plant and equipment is depreciated at various rates on a straight-line basis. These rates are approved by our regulatory commissions and are comprised of two components: one based on average service life and one based on cost of removal. Accordingly, we recognize our cost of removal expense as a component of depreciation expense. The related cost of removal accrual is reflected as a regulatory liability on the consolidated balance sheet. At the time property, plant and equipment is retired, removal expenses less salvage, are charged to the regulatory cost of removal accrual. The composite depreciation rate was 3.0 percent, 3.1 percent and 3.2 percent for the fiscal years ended September 30, 2020, 2019 and 2018.

Other property, plant and equipment is stated at cost. Depreciation is generally computed on the straight-line method for financial reporting purposes based upon estimated useful lives.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Asset retirement obligations — We record a liability at fair value for an asset retirement obligation when the legal obligation to retire the asset has been incurred with an offsetting increase to the carrying value of the related asset. Accretion of the asset retirement obligation due to the passage of time is recorded as an operating expense.

As of September 30, 2020 and 2019, we had asset retirement obligations of $20.3 million and $17.1 million. Additionally, we had $14.4 million and $11.3 million of asset retirement costs recorded as a component of property, plant and equipment that will be depreciated over the remaining life of the underlying associated assets.

We believe we have a legal obligation to retire our natural gas storage facilities. However, we have not recognized an asset retirement obligation associated with our storage facilities because we are not able to determine the settlement date of this obligation as we do not anticipate taking our storage facilities out of service permanently. Therefore, we cannot reasonably estimate the fair value of this obligation.

Impairment of long-lived assets — We evaluate whether events or circumstances have occurred that indicate that other long-lived assets may not be recoverable or that the remaining useful life may warrant revision. When such events or circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value will be recovered through the expected future cash flows. In the event the sum of the expected future cash flows resulting from the use of the asset is less than the carrying value of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded.

Goodwill — We annually evaluate our goodwill balances for impairment during our second fiscal quarter or more frequently as impairment indicators arise. During the second quarter of fiscal 2020, we completed our annual goodwill impairment assessment using a qualitative assessment, as permitted under U.S. GAAP. We test goodwill for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit. Based on the assessment performed, we determined that our goodwill was not impaired. Although not applicable for the fiscal 2020 analysis, if the qualitative assessment resulted in impairment indicators, we would then use a present value technique based on discounted cash flows to estimate the fair value of our reporting units. These calculations are dependent on several subjective factors including the timing of future cash flows, future growth rates and the discount rate. An impairment charge is recognized if the carrying value of a reporting unit's goodwill exceeds its fair value.

Lease accounting — We adopted the provisions of the new lease accounting standard beginning on October 1, 2019. Results for reporting periods beginning on October 1, 2019 are presented under the new lease accounting standard and prior periods are presented under the former lease accounting standard. Upon adoption, we recorded right of use assets and lease liabilities within the consolidated balance sheet. See Note 6 for further discussion regarding the accounting polices for these leases.

Marketable securities — As of September 30, 2020, we hold marketable securities classified as either equity or debt securities. Beginning on October 1, 2018, changes in fair value of our equity securities are recorded in net income, while debt securities, which are considered available for sale securities, are reported at market value with unrealized gains and losses shown as a component of accumulated other comprehensive income (loss). During fiscal 2018 and under the previous accounting guidance, all our debt and equity securities were considered available for sale securities.

We regularly evaluate the performance of our available for sale debt securities on an investment by investment basis for impairment, taking into consideration the securities' purpose, volatility and current returns. If a determination is made that a decline in fair value is other than temporary, the related investment is written down to its estimated fair value.

Financial instruments and hedging activities — We use financial instruments to mitigate commodity price risk in our distribution and pipeline and storage segments and to mitigate interest rate risk. The objectives and strategies for using financial instruments have been tailored to our business and are discussed in Note 14.

We record all of our financial instruments on the balance sheet at fair value, with changes in fair value ultimately recorded in the statement of comprehensive income. These financial instruments are reported as risk management assets and liabilities and are classified as current or noncurrent other assets or liabilities based upon the anticipated settlement date of the underlying financial instrument. We record the cash flow impact of our financial instruments in operating cash flows based upon their balance sheet classification.

The timing of when changes in fair value of our financial instruments are recorded in the statement of comprehensive income depends on whether the financial instrument has been designated and qualifies as a part of a hedging relationship or if regulatory rulings require a different accounting treatment. Changes in fair value for financial instruments that do not meet one of these criteria are recognized in the statement of comprehensive income as they occur.

Financial Instruments Associated with Commodity Price Risk

In our distribution segment, the costs associated with and the realized gains and losses arising from the use of financial instruments to mitigate commodity price risk are included in our purchased gas cost adjustment mechanisms in accordance with regulatory requirements. Therefore, changes in the fair value of these financial instruments are initially recorded as a component of deferred gas costs and recognized in the consolidated statements of comprehensive income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue in accordance with accounting principles generally accepted in the United States. Accordingly, there is no earnings impact on our distribution segment as a result of the use of these financial instruments.

Financial Instruments Associated with Interest Rate Risk

In connection with the planned issuance of long-term debt, we may use financial instruments to manage interest rate risk. We currently manage this risk through the use of forward starting interest rate swaps to fix the Treasury yield component of the interest cost associated with anticipated financings. We designate these financial instruments as cash flow hedges at the time the agreements are executed. Unrealized gains and losses associated with the instruments are recorded as a component of accumulated other comprehensive income (loss). When the instruments settle, the realized gain or loss is recorded as a component of accumulated other comprehensive income (loss) and recognized as a component of interest charges over the life of the related financing arrangement. As of September 30, 2020 and 2019, no cash was required to be held in margin accounts.

Fair Value Measurements — We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We primarily use quoted market prices and other observable market pricing information in valuing our financial assets and liabilities and minimize the use of unobservable pricing inputs in our measurements.

Fair-value estimates also consider our own creditworthiness and the creditworthiness of the counterparties involved. Our counterparties consist primarily of financial institutions and major energy companies. This concentration of counterparties may materially impact our exposure to credit risk resulting from market, economic or regulatory conditions. We seek to minimize counterparty credit risk through an evaluation of their financial condition and credit ratings and the use of collateral requirements under certain circumstances.

Amounts reported at fair value are subject to potentially significant volatility based upon changes in market prices, including, but not limited to, the valuation of the portfolio of our contracts, maturity and settlement of these contracts and newly originated transactions and interest rates, each of which directly affect the estimated fair value of our financial instruments. We believe the market prices and models used to value these financial instruments represent the best information available with respect to closing exchange and over-the-counter quotations, time value and volatility factors underlying the contracts. Values are adjusted to reflect the potential impact of an orderly liquidation of our positions over a reasonable period of time under then current market conditions.

Authoritative accounting literature establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). The levels of the hierarchy are described below:

Level 1 — Represents unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is defined as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Prices actively quoted on national exchanges are used to determine the fair value of most of our assets and liabilities recorded on our balance sheet at fair value.

Our Level 1 measurements consist primarily of our debt and equity securities. The Level 1 measurements for investments in the Atmos Energy Corporation Master Retirement Trust (the Master Trust), Supplemental Executive Benefit Plan and postretirement benefit plan consist primarily of exchange-traded financial instruments.

Level 2 — Represents pricing inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability as of the reporting date. These inputs are derived principally from, or corroborated by, observable market data. Our Level 2 measurements primarily consist of non-exchange-traded financial instruments, such as over-the-counter options and swaps and municipal and corporate bonds where market data for pricing is observable. The Level 2 measurements for investments in our Master Trust, Supplemental Executive Benefit Plan and postretirement benefit plan consist primarily of non-exchange traded financial instruments such as corporate bonds and government securities.

Level 3 — Represents generally unobservable pricing inputs which are developed based on the best information available, including our own internal data, in situations where there is little if any market activity for the asset or liability at the measurement date. The pricing inputs utilized reflect what a market participant would use to determine fair value. We currently do not have any Level 3 investments.

Pension and other postretirement plans — Pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, assumed discount rates and current demographic and actuarial mortality data. Our measurement date is September 30. The assumed discount rate and the expected return are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rate, the assumed health care cost trend rate and assumed rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities. For the valuation performed as of September 30, 2020, decreases in the discount rate resulted in actuarial losses that increased our plan obligations.

The discount rate is utilized principally in calculating the actuarial present value of our pension and postretirement obligation and net pension and postretirement cost. When establishing our discount rate, we consider high quality corporate bond rates based on bonds available in the marketplace that are suitable for settling the obligations, changes in those rates from the prior year and the implied discount rate that is derived from matching our projected benefit disbursements with currently available high quality corporate bonds.

The expected long-term rate of return on assets is utilized in calculating the expected return on plan assets component of the annual pension and postretirement plan cost. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors when making a final determination of our expected rate of return on assets. To the extent the actual rate of return on assets realized over the course of a year is greater than or less than the assumed rate, that year's annual pension or postretirement plan cost is not affected. Rather, this gain or loss is amortized over the expected future working lifetime of the plan participants.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The expected return on plan assets is then calculated by applying the expected long-term rate of return on plan assets to the market-related value of the plan assets. The market-related value of our plan assets represents the fair market value of the plan assets, adjusted to smooth out short-term market fluctuations over a five-year period. The use of this calculation will delay the impact of current market fluctuations on the pension expense for the period.

We use a corridor approach to amortize actuarial gains and losses. Under this approach, net gains or losses in excess of ten percent of the larger of the pension benefit obligation or the market-related value of the assets are amortized on a straight-line basis. The period of amortization is the average remaining service of active participants who are expected to receive benefits under the plan.

We estimate the assumed health care cost trend rate used in determining our annual postretirement net cost based upon our actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon the annual review of our participant census information as of the measurement date.

On October 1, 2018 we adopted new accounting guidance, which required we present only the current service cost component of the net benefit cost within operations and maintenance expense in the consolidated statements of comprehensive income. The remaining components of net benefit cost are recorded in other non-operating income (expense) in our consolidated statements of comprehensive income. The change in presentation of these costs was implemented on a retrospective basis as required by the guidance. In lieu of determining how each component of the net periodic benefit cost was actually reflected in the fiscal 2018 statement of comprehensive income, we elected to utilize a practical expedient that permits the use of the amounts disclosed for these costs in our pension and post-retirement benefit plans footnote as the basis to retroactively apply this standard.

In addition, only the service cost component of net benefit cost is eligible for capitalization and we continue to capitalize these costs into property, plant and equipment. Additionally, we defer into a regulatory asset the portion of non-service components of net periodic benefit cost that are capitalizable for regulatory purposes.

Income taxes — Income taxes are determined based on the liability method, which results in income tax assets and liabilities arising from temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The liability method requires the effect of tax rate changes on accumulated deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

The Company may recognize the tax benefit from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities. We recognize accrued interest related to unrecognized tax benefits as a component of interest charges. We recognize penalties related to unrecognized tax benefits as a component of miscellaneous income (expense) in accordance with regulatory requirements.

Tax collections — We are allowed to recover from customers revenue-related taxes that are imposed upon us. We record such taxes as operating expenses and record the corresponding customer charges as operating revenues. However, we do collect and remit various other taxes on behalf of various governmental authorities, and we record these amounts in our consolidated balance sheets on a net basis. We do not collect income taxes from our customers on behalf of governmental authorities.

Contingencies — In the normal course of business, we are confronted with issues or events that may result in a contingent liability. These generally relate to lawsuits, claims made by third parties or the action of various regulatory agencies. For such matters, we record liabilities when they are considered probable and estimable, based on currently available facts and our estimates of the ultimate outcome or resolution of the liability in the future. Actual results may differ from estimates, depending on actual outcomes or changes in the facts or expectations surrounding each potential exposure.

Subsequent events — Except as noted in Note 7 regarding the public offering of senior notes, no events occurred subsequent to the balance sheet date that would require recognition or disclosure in the financial statements.

Recent accounting pronouncements

Accounting pronouncements adopted in fiscal 2020

In February 2016, the Financial Accounting Standards Board (FASB) issued a comprehensive new leasing standard that requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all leases, including operating leases on its balance sheet. The new standard was effective for us beginning on October 1, 2019. See Note 6 to the consolidated financial statements for further details regarding our adoption of the new lease standard and the related disclosures.

Accounting pronouncements that will be effective after fiscal 2020

In March 2020, the FASB issued optional guidance which will ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting. The amendments provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by the cessation of the London Interbank Offered Rate (LIBOR). The amendments can be elected immediately, as of March 12, 2020, through December 31, 2022. We are currently evaluating if we will apply the optional guidance as we assess the impact of the cessation of LIBOR on our current contracts and hedging relationships and the potential impact on our financial position, results of operations and cash flows.

In December 2019, the FASB issued new guidance related to accounting for income taxes which removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocations and calculating income taxes in interim periods. The new standard also adds guidance to reduce complexity in certain areas, such as recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The new standard will be effective for us beginning on October 1, 2021; early adoption is permitted. We do not believe the new standard will have a material impact on our financial position, results of operations and cash flows.

In June 2016, the FASB issued new guidance which will require credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model. Under this model, entities will estimate credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument. In contrast, current U.S. GAAP is based on an incurred loss model that delays recognition of credit losses until it is probable the loss has been incurred. The new guidance also introduces a new impairment recognition model for available-for-sale debt securities that will require credit losses for available-for-sale debt securities to be recorded through an allowance account. The new standard was effective for us beginning on October 1, 2020. We do not anticipate the adoption of this standard will have a material impact to our financial position, results of operations and cash flows.

3. Segment Information

As of September 30, 2020, we manage and review our consolidated operations through the following two reportable segments:

- The *distribution segment* is primarily comprised of our regulated natural gas distribution and related sales operations in eight states.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The *pipeline and storage segment* is comprised primarily of the pipeline and storage operations of our Atmos Pipeline-Texas division and our natural gas transmission operations in Louisiana.

Our determination of reportable segments considers the strategic operating units under which we manage sales of various products and services to customers. Although our distribution segment operations are geographically dispersed, they are aggregated and reported as a single segment as each natural gas distribution division has similar economic characteristics. In addition, because the pipeline and storage operations of our Atmos Pipeline-Texas division and our natural gas transmission operations in Louisiana have similar economic characteristics, they have been aggregated and reported as a single segment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate performance based on net income or loss of the respective operating units. We allocate interest and pension expense to the pipeline and storage segment; however, there is no debt or pension liability recorded on the pipeline and storage segment balance sheet. All material intercompany transactions have been eliminated; however, we have not eliminated intercompany profits when such amounts are probable of recovery under the affiliates' rate regulation process. Income taxes are allocated to each segment as if each segment's income taxes were calculated on a separate return basis.

Income statements and capital expenditures by segment are shown in the following tables.

	Year Ended September 30, 2020			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	$2,624,251	$196,886	$ —	$2,821,137
Intersegment revenues	2,742	412,453	(415,195)	—
Total operating revenues	2,626,993	609,339	(415,195)	2,821,137
Purchased gas cost	1,071,227	1,548	(413,921)	658,854
Operation and maintenance expense	472,760	158,115	(1,274)	629,601
Depreciation and amortization expense	309,582	120,246	—	429,828
Taxes, other than income	245,181	33,574	—	278,755
Operating income	528,243	295,856	—	824,099
Other non-operating income (expense)	(1,265)	8,436	—	7,171
Interest charges	39,634	44,840	—	84,474
Income before income taxes	487,344	259,452	—	746,796
Income tax expense	91,680	53,673	—	145,353
Net income	$ 395,664	$205,779	$ —	$ 601,443
Capital expenditures	$1,466,631	$469,045	$ —	$1,935,676

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended September 30, 2019			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	$2,742,824	$159,024	$ —	$2,901,848
Intersegment revenues	2,637	408,000	(410,637)	—
Total operating revenues	2,745,461	567,024	(410,637)	2,901,848
Purchased gas cost	1,268,591	(360)	(409,394)	858,837
Operation and maintenance expense	480,222	151,329	(1,243)	630,308
Depreciation and amortization expense	283,697	107,759	—	391,456
Taxes, other than income	242,179	33,010	—	275,189
Operating income	470,772	275,286	—	746,058
Other non-operating income	6,241	1,163	—	7,404
Interest charges	60,031	43,122	—	103,153
Income before income taxes	416,982	233,327	—	650,309
Income tax expense	88,168	50,735	—	138,903
Net income	$ 328,814	$182,592	$ —	$ 511,406
Capital expenditures	$1,274,613	$418,864	$ —	$1,693,477

	Year Ended September 30, 2018			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Operating revenues from external parties	$3,000,404	$115,142	$ —	$3,115,546
Intersegment revenues	2,643	392,571	(395,214)	—
Total operating revenues	3,003,047	507,713	(395,214)	3,115,546
Purchased gas cost	1,559,836	1,978	(393,966)	1,167,848
Operation and maintenance expense	461,048	134,995	(1,248)	594,795
Depreciation and amortization expense	264,930	96,153	—	361,083
Taxes, other than income	231,566	32,320	—	263,886
Operating income	485,667	242,267	—	727,934
Other non-operating expense	(6,649)	(3,495)	—	(10,144)
Interest charges	65,850	40,796	—	106,646
Income before income taxes	413,168	197,976	—	611,144
Income tax expense (benefit)	(29,798)	37,878	—	8,080
Net income	$ 442,966	$160,098	$ —	$ 603,064
Capital expenditures	$1,025,800	$441,791	$ —	$1,467,591

The following table summarizes our revenues from external parties, excluding intersegment revenues, by products and services for the fiscal years ended September 30.

	2020	2019	2018
		(In thousands)	
Distribution revenues:			
Gas sales revenues:			
Residential	$1,717,070	$1,733,548	$1,916,101
Commercial	654,963	711,284	797,073
Industrial	89,641	118,046	131,267
Public authority and other	42,007	42,613	47,714
Total gas sales revenues	2,503,681	2,605,491	2,892,155
Transportation revenues	97,441	95,629	99,250
Other gas revenues	23,129	41,704	8,999
Total distribution revenues	2,624,251	2,742,824	3,000,404
Pipeline and storage revenues	196,886	159,024	115,142
Total operating revenues	$2,821,137	$2,901,848	$3,115,546

Balance sheet information at September 30, 2020 and 2019 by segment is presented in the following tables.

	September 30, 2020			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Property, plant and equipment, net	$ 9,944,978	$3,410,369	$ —	$13,355,347
Total assets	$14,578,176	$3,647,907	$(2,867,051)	$15,359,032

	September 30, 2019			
	Distribution	Pipeline and Storage	Eliminations	Consolidated
	(In thousands)			
Property, plant and equipment, net	$ 8,737,590	$3,050,079	$ —	$11,787,669
Total assets	$12,579,741	$3,279,323	$(2,491,445)	$13,367,619

4. Earnings Per Share

We use the two-class method of computing earnings per share because we have participating securities in the form of non-vested restricted stock units with a nonforfeitable right to dividend equivalents, for which vesting is predicated solely on the passage of time. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator. Basic weighted average shares outstanding is calculated based upon the weighted average number of common shares outstanding during the periods presented. Also, this calculation includes fully vested stock awards that have not yet been issued as common stock. Additionally, the weighted average shares outstanding for diluted EPS includes the incremental effects of the forward sale agreements, discussed in Note 8, when the impact is dilutive.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Basic and diluted earnings per share for the fiscal years ended September 30 are calculated as follows:

	2020	2019	2018
	(In thousands, except per share data)		
Basic Earnings Per Share			
Net Income	$601,443	$511,406	$603,064
Less: Income allocated to participating securities	444	416	580
Net Income available to common shareholders	$600,999	$510,990	$602,484
Basic weighted average shares outstanding	122,788	117,200	111,012
Net Income per share — Basic	$ 4.89	$ 4.36	$ 5.43
Diluted Earnings Per Share			
Net Income available to common shareholders	$600,999	$510,990	$602,484
Effect of dilutive shares	—	—	—
Net Income available to common shareholders	$600,999	$510,990	$602,484
Basic weighted average shares outstanding	122,788	117,200	111,012
Dilutive shares	84	261	—
Diluted weighted average shares outstanding	122,872	117,461	111,012
Net Income per share — Diluted	$ 4.89	$ 4.35	$ 5.43

5. Revenue

The following table disaggregates our revenue from contracts with customers by customer type and segment and provides a reconciliation to total operating revenues, including intersegment revenues, for the period presented.

	Year Ended September 30, 2020		Year Ended September 30, 2019	
	Distribution	Pipeline and Storage	Distribution	Pipeline and Storage
	(In thousands)			
Gas sales revenues:				
Residential	$1,704,444	$ —	$1,755,229	$ —
Commercial	650,396	—	716,757	—
Industrial	89,467	—	118,060	—
Public authority and other	41,339	—	42,796	—
Total gas sales revenues	2,485,646	—	2,632,842	—
Transportation revenues	99,435	636,819	97,495	623,808
Miscellaneous revenues	19,085	9,754	26,050	8,060
Revenues from contracts with customers	2,604,166	646,573	2,756,387	631,868
Alternative revenue program revenues[1]	20,856	(37,234)	(12,958)	(64,844)
Other revenues	1,971	—	2,032	—
Total operating revenues	$2,626,993	$609,339	$2,745,461	$567,024

(1) In our distribution segment, we have weather-normalization adjustment mechanisms that serve to mitigate the effects of weather on our revenue. Additionally, APT has a regulatory mechanism that requires that we share with its tariffed customers 75% of the difference between the total non-tariffed revenues earned during a test period and a revenue benchmark.

6. Leases

We adopted the provisions of the new lease accounting standard beginning on October 1, 2019, using the optional transition method, which allowed us to apply the provisions of the new standard to all leases that existed as of the date of adoption. Therefore, results for reporting periods beginning on October 1, 2019 are presented under the new lease accounting standard and prior periods are presented under the former lease accounting standard.

The new guidance included several practical expedients to facilitate the implementation of the new standard. The following summarizes the practical expedients we used to implement the standard.

- We elected to bundle our lease and non-lease components as a single component for all asset classes.
- We elected not to perform the following:
  - Evaluate existing or expired land easements prior to October 1, 2019 to determine if they are leases.
  - Include short-term leases in the calculation of our lease liability.
  - Evaluate existing or expired contracts to determine if they are leases.
  - Assess lease classification for existing or expired leases.
  - Review initial direct costs for existing leases.
  - Use hindsight in order to determine the lease term or impairment of our ROU assets.

Upon adoption of this new guidance, we recorded ROU assets and lease liabilities of $231.3 million. Additionally, we reclassified a net $6.5 million of accrued and prepaid lease costs to the ROU asset and $2.5 million related to an existing finance lease from deferred credits and other liabilities to long-term debt.

Implementation of the new lease accounting guidance had no material impact on our consolidated statements of comprehensive income or our consolidated statements of cash flows. Additionally, we did not record a cumulative-effect adjustment to retained earnings on the opening balance sheet.

New Lease Accounting Policy

We determine if an arrangement is a lease at the inception of the agreement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset and we have the right to control the asset. We are the lessee for substantially all of our leasing activity, which primarily includes operating leases for office and warehouse space, tower space, vehicles and heavy equipment used in our operations. We are also a lessee in finance leases for service centers.

We record a lease liability and a corresponding ROU asset for all of our leases with a term greater than 12 months. For lease contracts containing renewal and termination options, we include the option period in the lease term when it is reasonably certain the option will be exercised. We most frequently assume renewal options at the inception of the arrangement for our tower and fleet leases, based on our anticipated use of the assets. Real estate leases that contain a renewal option are evaluated on a lease-by-lease basis to determine if the option period should be included in the lease term. Currently, we have not included material renewal options for real estate leases in our ROU asset or lease liability. The following table presents our weighted average remaining lease term for our leases.

	September 30, 2020
Weighted average remaining lease term (years)	
Finance leases	19.1
Operating leases	10.6

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The lease liability represents the present value of all lease payments over the lease term. The discount rate used to determine the present value of the lease liability is the rate implicit in the lease unless that rate cannot be readily determined. We use the implicit rate stated in the agreement to determine the lease liability for our fleet leases. We use our corporate collateralized incremental borrowing rate as the discount rate for all other lease agreements. This rate is appropriate because we believe it represents the rate we would have incurred to borrow funds to acquire the leased asset over a similar term. We calculated this rate using a combination of inputs, including our current credit rating, quoted market prices of interest rates for our publicly traded unsecured debt, observable market yield curve data for peer companies with a credit rating one notch higher than our current credit rating and the lease term.

The following table represents our weighted average discount rate:

	September 30, 2020
Weighted average discount rate	
Finance leases	8.0%
Operating leases	2.9%

The ROU asset represents the right to use the underlying asset for the lease term, and is equal to the lease liability, adjusted for prepaid or accrued lease payments and any lease incentives that have been paid to us or when we are reasonably certain to incur costs equal to or greater than the allowance defined in the contract.

Variable payments included in our leasing arrangements are expensed in the period in which the obligation for these payments is incurred. Variable payments are dependent on usage, output or may vary for other reasons. Most of our variable lease expense is related to tower leases that have escalating payments based on changes to a stated CPI index, and usage of certain office equipment.

We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants.

Lease costs for the year ended September 30, 2020 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized. For the year ended September 30, 2020 we did not have material short-term lease costs or variable lease costs.

	September 30, 2020
	(In thousands)
Finance lease cost	$ 622
Operating lease cost	40,887
Total lease cost	$41,509

Our ROU assets and lease liabilities are presented as follows on the consolidated balance sheets:

	Balance Sheet Classification	September 30, 2020
		(In thousands)
Assets		
Finance leases	Net Property, Plant and Equipment	$ 8,480
Operating leases	Deferred charges and other assets	227,146
Total right-of-use assets		$235,626
Liabilities		
Current		
Finance leases	Current maturities of long-term debt	$ 165
Operating leases	Other current liabilities	35,716
Noncurrent		
Finance leases	Long-term debt	8,466
Operating leases	Deferred credits and other liabilities	201,071
Total lease liabilities		$245,418

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other pertinent information related to leases was as follows. During the year ended September 30, 2020, amounts paid in cash for our finance leases were not material.

	September 30, 2020
	(In thousands)
Cash paid amounts included in the measurement of lease liabilities	
Operating cash flows used for operating leases	$37,758
Right-of-use assets obtained in exchange for lease obligations	
Finance leases	$ 6,083
Operating leases	$34,169

Maturities of our lease liabilities as of September 30, 2020 were as follows:

	Total	Finance Leases	Operating Leases
		(In thousands)	
2021	$ 40,790	$ 741	$ 40,049
2022	38,423	751	37,672
2023	33,266	762	32,504
2024	25,464	773	24,691
2025	17,666	784	16,882
Thereafter	139,049	12,666	126,383
Total lease payments	294,658	16,477	278,181
Less: Imputed interest	49,240	7,846	41,394
Total	$245,418	$ 8,631	$236,787
Reported as of September 30, 2020			
Short-term lease liabilities	$ 35,881	$ 165	$ 35,716
Long-term lease liabilities	209,537	8,466	201,071
Total lease liabilities	$245,418	$ 8,631	$236,787

Disclosures Related to Prior Periods

The future minimum lease payments as of September 30, 2019 were as follows:

	Operating Leases(1)	Capital Lease
	(In thousands)	
2020	$ 21,017	$ 243
2021	20,416	248
2022	19,370	253
2023	18,071	258
2024	15,718	263
Thereafter	105,544	4,343
Total minimum lease payments	$200,136	5,608
Less amount representing interest		3,018
Present value of net minimum lease payments		$2,590

(1) Future minimum lease payments do not include amounts for fleet leases and other de minimis items that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $17.6 million in 2020, $18.0 million in 2021, $11.8 million in 2022, $8.5 million in 2023, $5.4 million in 2024 and $2.7 million thereafter.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated lease and rental expense amounted to $40.4 million and $33.8 million for fiscal 2019 and 2018.

7. Debt

Long-term debt

Long-term debt at September 30, 2020 and 2019 consisted of the following:

	2020	2019
	(In thousands)	
Unsecured 3.00% Senior Notes, due 2027	$ 500,000	$ 500,000
Unsecured 2.625% Senior Notes, due 2029	300,000	—
Unsecured 5.95% Senior Notes, due 2034	200,000	200,000
Unsecured 5.50% Senior Notes, due 2041	400,000	400,000
Unsecured 4.15% Senior Notes, due 2043	500,000	500,000
Unsecured 4.125% Senior Notes, due 2044	750,000	750,000
Unsecured 4.30% Senior Notes, due 2048	600,000	600,000
Unsecured 4.125% Senior Notes, due 2049	450,000	450,000
Unsecured 3.375% Senior Notes, due 2049	500,000	—
Floating-rate term loan, due 2022	200,000	—
Medium term Series A notes, 1995-1, 6.67%, due 2025	10,000	10,000
Unsecured 6.75% Debentures, due 2028	150,000	150,000
Finance lease obligations (see Note 6)	8,631	—
Total long-term debt	4,568,631	3,560,000
Less:		
Net original issue (premium) / discount on unsecured senior notes and debentures	583	193
Debt issuance cost	36,104	30,355
Current maturities	165	—
	$4,531,779	$3,529,452

Maturities of long-term debt, excluding our finance lease obligations, at September 30, 2020 were as follows (in thousands):

2021	$ —
2022	200,000
2023	—
2024	—
2025	10,000
Thereafter	4,350,000
	$4,560,000

On October 1, 2020, we completed a public offering of $600 million of 1.50% senior notes due 2031. The net proceeds from the offering, after the underwriting discount and estimated offering expenses, of $592.5 million, were used for general corporate purposes, including the repayment of working capital borrowings pursuant to our commercial paper program and the related settlement of our interest rate swaps. The effective interest rate on these notes is 1.71%, after giving effect to the offering costs.

On April 9, 2020, we entered into a two year, $200 million term loan agreement that bears interest at a rate of LIBOR plus 1.25 percent. The term loan was used to pay down borrowings pursuant to our commercial paper program.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On October 2, 2019, we completed a public offering of $300 million of 2.625% senior notes due 2029 and $500 million of 3.375% senior notes due 2049. We received net proceeds from the offering, after the underwriting discount and offering expenses, of $791.7 million, that were used for general corporate purposes, including the repayment of working capital borrowings pursuant to our commercial paper program. The effective interest rate on these notes was 2.72% and 3.42%, after giving effect to the offering costs.

Short-term Debt

We utilize short-term debt to provide cost-effective, short-term financing until it can be replaced with a balance of long-term debt and equity financing that achieves the Company's desired capital structure with an equity-to-capitalization ratio between 50% and 60%, inclusive of long-term and short-term debt. Our short-term borrowing requirements are driven primarily by construction work in progress and the seasonal nature of the natural gas business. Changes in the price of natural gas and the amount of natural gas we need to supply our customers' needs could significantly affect our borrowing requirements. Our short-term borrowings typically reach their highest levels in the winter months.

As of September 30, 2020, our short-term borrowing requirements were satisfied through a combination of a $1.5 billion commercial paper program and four committed revolving credit facilities with third-party lenders that provide $2.2 billion of total working capital funding.

The primary source of our funding is our commercial paper program, which is supported by a five-year unsecured $1.5 billion credit facility that expires on September 25, 2023. The facility bears interest at a base rate or at a LIBOR-based rate for the applicable interest period, plus a margin ranging from zero percent to 1.25 percent, based on the Company's credit ratings. Additionally, the facility contains a $250 million accordion feature, which provides the opportunity to increase the total committed loan to $1.75 billion. At September 30, 2020, there were no amounts outstanding under our commercial paper program. At September 30, 2019, a total of $464.9 million was outstanding with weighted average interest rates of 2.24% and weighted average maturities of less than one month.

Additionally, we had a $25 million 364-day unsecured facility that was renewed on April 1, 2020 and increased to $50 million, which is used to provide working capital funding. There were no borrowings outstanding under this facility as of September 30, 2020.

Finally, we had a $10 million 364-day unsecured revolving credit facility, which was replaced on April 30, 2020, with a new $50 million 364-day unsecured revolving credit facility, which is used to issue letters of credit and to provide working capital funding. At September 30, 2020, there were no borrowings outstanding under the new facility; however, outstanding letters of credit reduced the total amount available to us under our $50 million unsecured revolving facility to $44.4 million.

On April 23, 2020, we executed a new $600 million 364-day unsecured revolving credit facility to provide additional working capital funding. The facility bears interest at a base rate or at a LIBOR-based rate for the applicable interest period, plus a margin ranging from zero percent to 1.25 percent, based on the Company's credit ratings. At September 30, 2020, there were no borrowings outstanding under this facility.

Debt Covenants

The availability of funds under these credit facilities is subject to conditions specified in the respective credit agreements, all of which we currently satisfy. These conditions include our compliance with financial covenants and the continued accuracy of representations and warranties contained in these agreements. We are required by the financial covenants in each of these facilities to maintain, at the end of each fiscal quarter, a ratio of total-debt-to-total-capitalization of no greater than 70 percent. At September 30, 2020, our total-debt-to-total-capitalization ratio, as defined, was 42 percent. In addition, both the interest margin and the fee that we pay on unused amounts under each of these facilities are subject to adjustment depending upon our credit ratings.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

These credit facilities and our public indentures contain usual and customary covenants for our business, including covenants substantially limiting liens, substantial asset sales and mergers. Additionally, our public debt indentures relating to our senior notes and debentures, as well as certain of our revolving credit agreements, each contain a default provision that is triggered if outstanding indebtedness arising out of any other credit agreements in amounts ranging from in excess of $15 million to in excess of $100 million becomes due by acceleration or is not paid at maturity. We were in compliance with all of our debt covenants as of September 30, 2020. If we were unable to comply with our debt covenants, we would likely be required to repay our outstanding balances on demand, provide additional collateral or take other corrective actions.

8. Shareholders' Equity

Shelf Registration, At-the-Market Equity Sales Program and Equity Issuances

On February 11, 2020, we filed a shelf registration statement with the Securities and Exchange Commission (SEC) that allows us to issue up to $4.0 billion in common stock and/or debt securities, which expires February 11, 2023. This shelf registration statement replaced our previous shelf registration statement which was filed on November 13, 2018 (2018 Registration Statement). At September 30, 2020, approximately $3.0 billion of securities remained available for issuance under the shelf registration statement. Following the completion of the $600 million senior unsecured note offering on October 1, 2020 (see Note 7), approximately $2.4 billion of securities remained available for issuance under the shelf registration statement.

On February 12, 2020, we filed a prospectus supplement under the shelf registration statement relating to an at-the-market (ATM) equity sales program (February 2020 ATM) under which we may issue and sell shares of our common stock up to an aggregate offering price of $1.0 billion (including shares of common stock that may be sold pursuant to forward sale agreements entered into concurrently with the ATM equity sales program). This ATM equity sales program replaced our previous ATM equity sales program, filed on November 19, 2018 (November 2018 ATM), which was exhausted during the second quarter of fiscal 2020.

During the year ended September 30, 2020, we executed forward sales under the February 2020 ATM and the November 2018 ATM equity sales programs with various forward sellers who borrowed and sold 4,808,051 shares of our common stock for $523.2 million. Additionally, during the year ended September 30, 2020, we settled forward sale agreements with respect to 5,616,727 shares that had been borrowed and sold by various forward sellers under the November 2018 ATM and the February 2020 ATM for net proceeds of $581.5 million. As of September 30, 2020, the February 2020 ATM program had approximately $552 million of equity available for issuance.

On November 30, 2018, we filed a prospectus supplement under the registration statement relating to an underwriting agreement to sell 5,390,836 shares of our common stock for $500 million. After expenses, net proceeds from the offering were $494.1 million. Concurrently, we entered into separate forward sale agreements with two forward sellers who borrowed and sold 2,668,464 shares of our common stock for $247.5 million. During the year ended September 30, 2019, we settled forward sale agreements with respect to 2,183,275 of the shares that had been borrowed and sold for net proceeds of $200.0 million. During the year ended September 30, 2020, we settled the remaining 485,189 shares for net proceeds of $44.4 million.

During the year ended September 30, 2019, we executed forward sales under the November 2018 ATM with various forward sellers who borrowed and sold 4,144,671 shares of our common stock at an aggregate price of $425.0 million.

If we had settled all shares that remain available under our outstanding forward sale agreements as of September 30, 2020, we would have received proceeds of $345.2 million, based on a net price of $103.48 per share. Additional details are presented below.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturity	Shares Available	Net Proceeds Available (In Thousands)	Forward Price
March 31, 2021	1,281,578	$134,660	$105.07
June 30, 2021	1,394,423	142,388	$102.11
September 30, 2021	659,994	68,158	$103.27
Total	3,335,995	$345,206	

Accumulated Other Comprehensive Income (Loss)

We record deferred gains (losses) in accumulated other comprehensive income (AOCI) related to available-for-sale debt securities and interest rate agreement cash flow hedges. Deferred gains (losses) for our available-for-sale debt securities are recognized in earnings upon settlement, while deferred gains (losses) related to our interest rate agreement cash flow hedges are recognized in earnings as a component of interest charges, as they are amortized. The following tables provide the components of our accumulated other comprehensive income (loss) balances, net of the related tax effects allocated to each component of other comprehensive income (loss).

	Available-for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Total
		(In thousands)	
September 30, 2019	$ 132	$(114,715)	$(114,583)
Other comprehensive income before reclassifications	108	53,241	53,349
Amounts reclassified from accumulated other comprehensive income	(2)	3,647	3,645
Net current-period other comprehensive income	106	56,888	56,994
September 30, 2020	$ 238	$ (57,827)	$ (57,589)

	Available-for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Total
		(In thousands)	
September 30, 2018	$ 8,124	$ (91,771)	$ (83,647)
Other comprehensive income (loss) before reclassifications	219	(25,966)	(25,747)
Amounts reclassified from accumulated other comprehensive income	(1)	3,022	3,021
Net current-period other comprehensive income (loss)	218	(22,944)	(22,726)
Cumulative effect of accounting change	(8,210)	—	(8,210)
September 30, 2019	$ 132	$(114,715)	$(114,583)

9. Retirement and Post-Retirement Employee Benefit Plans

We have both funded and unfunded noncontributory defined benefit plans that together cover most of our employees. We also maintain post-retirement plans that provide health care benefits to retired employees. Finally, we sponsor a defined contribution plan that covers substantially all employees. These plans are discussed in further detail below.

As a rate regulated entity, most of our net periodic pension and other postretirement benefits costs are recoverable through our rates over a period of up to 15 years. A portion of these costs is capitalized into our rate base or deferred as a regulatory asset or liability. The remaining costs are recorded as a component of operation and

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

maintenance expense or other non-operating expense. Additionally, the amounts that have not yet been recognized in net periodic pension cost that have been recorded as regulatory assets or liabilities are as follows:

	Defined Benefit Plan	Supplemental Executive Retirement Plans	Postretirement Plans	Total
		(In thousands)		
September 30, 2020				
Unrecognized prior service (credit) cost	$ (584)	$ —	$ 951	$ 367
Unrecognized actuarial loss	78,082	51,045	9,110	138,237
	$77,498	$51,045	$ 10,061	$138,604
September 30, 2019				
Unrecognized prior service (credit) cost	$ (815)	$ —	$ 1,125	$ 310
Unrecognized actuarial (gain) loss	67,191	56,784	(43,782)	80,193
	$66,376	$56,784	$(42,657)	$ 80,503

Defined Benefit Plans

Employee Pension Plan

As of September 30, 2020, we maintained one cash balance defined benefit plan, the Atmos Energy Corporation Pension Account Plan (the Plan). The Plan was established effective January 1999 and covers most of the employees of Atmos Energy that were hired on or before September 30, 2010. Effective October 1, 2010, the plan was closed to new participants. The assets of the Plan are held within the Atmos Energy Corporation Master Retirement Trust (the Master Trust).

Opening account balances were established for participants as of January 1999 equal to the present value of their respective accrued benefits under the pension plans which were previously in effect as of December 31, 1998. The Plan credits an allocation to each participant's account at the end of each year according to a formula based on the participant's age, service and total pay (excluding incentive pay). In addition, at the end of each year, a participant's account is credited with interest on the employee's prior year account balance. Participants are fully vested in their account balances after three years of service and may choose to receive their account balances as a lump sum or an annuity.

Generally, our funding policy is to contribute annually an amount in accordance with the requirements of the Employee Retirement Income Security Act of 1974, including the funding requirements under the Pension Protection Act of 2006 (PPA). However, additional voluntary contributions are made from time to time as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

During fiscal 2020, we did not make a contribution to the Plan. During fiscal 2019 we contributed $8.5 million in cash to the Plan to achieve a desired level of funding while maximizing the tax deductibility of this payment. Based upon market conditions at September 30, 2020, the current funded position of the Plan and the funding requirements under the PPA, we do not anticipate a minimum required contribution for fiscal 2021. However, we may consider whether a voluntary contribution is prudent to maintain certain funding levels.

We make investment decisions and evaluate performance of the assets in the Master Trust on a medium-term horizon of at least three to five years. We also consider our current financial status when making recommendations and decisions regarding the Master Trust's assets. Finally, we strive to ensure the Master Trust's assets are appropriately invested to maintain an acceptable level of risk and meet the Master Trust's long-term asset investment policy adopted by the Board of Directors.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

To achieve these objectives, we invest the Master Trust's assets in equity securities, fixed income securities, interests in commingled pension trust funds, other investment assets and cash and cash equivalents. Investments in equity securities are diversified among the market's various subsectors in an effort to diversify risk and maximize returns. Fixed income securities are invested in investment grade securities. Cash equivalents are invested in securities that either are short term (less than 180 days) or readily convertible to cash with modest risk.

The following table presents asset allocation information for the Master Trust as of September 30, 2020 and 2019.

Security Class	Targeted Allocation Range	Actual Allocation September 30 2020	Actual Allocation September 30 2019
Domestic equities	35%-55%	45.3%	40.6%
International equities	10%-20%	15.6%	14.5%
Fixed income	5%-30%	17.0%	18.8%
Company stock	0%-15%	13.0%	15.4%
Other assets	0%-20%	9.1%	10.7%

At September 30, 2020 and 2019, the Plan held 716,700 shares of our common stock which represented 13.0 percent and 15.4 percent of total Plan assets. These shares generated dividend income for the Plan of approximately $1.6 million and $1.5 million during fiscal 2020 and 2019.

Our employee pension plan expenses and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets and assumed discount rates and demographic data. We review the estimates and assumptions underlying our employee pension plans annually based upon a September 30 measurement date. The development of our assumptions is fully described in our significant accounting policies in Note 2. The actuarial assumptions used to determine the pension liability for the Plan was determined as of September 30, 2020 and 2019 and the actuarial assumptions used to determine the net periodic pension cost for the Plan was determined as of September 30, 2019, 2018 and 2017. On October 21, 2020, the Society of Actuaries released its annually-updated mortality improvement scale for pension plans incorporating new assumptions surrounding life expectancies in the United States. As of September 30, 2020, we updated our assumed mortality rates to incorporate the updated mortality table.

Additional assumptions are presented in the following table:

	Pension Liability		Pension Cost		
	2020	2019	2020	2019	2018
Discount rate	2.80%	3.29%	3.29%	4.38%	3.89%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	3.50%
Expected return on plan assets	6.25%	6.50%	6.50%	6.75%	6.75%
Interest crediting rate	4.69%	4.69%	4.69%	4.69%	4.69%

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the Plan's accumulated benefit obligation, projected benefit obligation and funded status as of September 30, 2020 and 2019:

	2020	2019
	(In thousands)	
Accumulated benefit obligation	$565,755	$541,287
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$577,270	$504,719
Service cost	17,551	15,311
Interest cost	19,028	22,071
Actuarial (gain) loss	22,898	71,139
Benefits paid	(32,526)	(35,970)
Benefit obligation at end of year	604,221	577,270
Change in plan assets:		
Fair value of plan assets at beginning of year	530,109	531,691
Actual return on plan assets	31,298	25,888
Employer contributions	—	8,500
Benefits paid	(32,526)	(35,970)
Fair value of plan assets at end of year	528,881	530,109
Reconciliation:		
Funded status	(75,340)	(47,161)
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Net amount recognized	$ (75,340)	$ (47,161)

Net periodic pension cost for the Plan for fiscal 2020, 2019 and 2018 is presented in the following table.

	Fiscal Year Ended September 30		
	2020	2019	2018
		(In thousands)	
Components of net periodic pension cost:			
Service cost	$ 17,551	$ 15,311	$ 17,264
Interest cost(1)	19,028	22,071	20,803
Expected return on assets(1)	(28,316)	(28,451)	(27,666)
Amortization of prior service credit(1)	(231)	(232)	(231)
Recognized actuarial loss(1)	9,025	4,201	9,114
Net periodic pension cost	$ 17,057	$ 12,900	$ 19,284

(1) The components of net periodic cost other than the service cost component are included in the line item other non-operating income (expense) in the consolidated statements of comprehensive income or are capitalized on the consolidated balance sheets as a regulatory asset or liability, as described in Note 2.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2020 and 2019. As required by authoritative accounting literature, assets are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement. The methods used to determine fair value for the assets held by the Plan are fully described in Note 2. Investments in our common/collective trusts and limited partnerships that are measured at net asset value per share equivalent are not classified in the fair value hierarchy. The net asset value amounts presented are intended to reconcile the fair value hierarchy to the total investments. In addition to the assets shown below, the Plan had net accounts receivable of $0.7 million and $1.3 million at September 30, 2020 and 2019, which materially approximates fair value due to the short-term nature of these assets.

	Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Investments:				
Common stocks	$211,244	$ —	$ —	$211,244
Money market funds	—	6,096	—	6,096
Registered investment companies	29,762	—	—	29,762
Government securities:				
Mortgage-backed securities	—	15,230	—	15,230
U.S. treasuries	21,755	36	—	21,791
Corporate bonds	—	52,648	—	52,648
Total investments measured at fair value	$262,761	$74,010	$ —	336,771
Investments measured at net asset value:				
Common/collective trusts (1)				122,207
Limited partnerships (1)				69,176
Total investments				$528,154

	Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Investments:				
Common stocks	$212,785	$ —	$ —	$212,785
Money market funds	—	16,419	—	16,419
Registered investment companies	26,326	—	—	26,326
Government securities:				
Mortgage-backed securities	—	19,986	—	19,986
U.S. treasuries	22,930	885	—	23,815
Corporate bonds	—	55,774	—	55,774
Total investments measured at fair value	$262,041	$93,064	$ —	355,105
Investments measured at net asset value:				
Common/collective trusts (1)				108,975
Limited partnerships (1)				64,718
Total investments				$528,798

(1) The fair value of our common/collective trusts and limited partnerships are measured using the net asset value per share practical expedient. There are no redemption restrictions, redemption notice periods or unfunded commitments for these investments. The redemption frequency is daily.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Supplemental Executive Retirement Plans

We have three nonqualified supplemental plans which provide additional pension, disability and death benefits to our officers, division presidents and certain other employees of the Company.

The first plan is referred to as the Supplemental Executive Benefits Plan (SEBP) and covers our corporate officers and certain other employees of the Company who were employed on or before August 12, 1998. The SEBP is a defined benefit arrangement which provides a benefit equal to 75 percent of covered compensation under which benefits paid from the underlying qualified defined benefit plan are an offset to the benefits under the SEBP.

In August 1998, we adopted the Supplemental Executive Retirement Plan (SERP) (formerly known as the Performance-Based Supplemental Executive Benefits Plan), which covers all corporate officers selected to participate in the plan between August 12, 1998 and August 5, 2009. The SERP is a defined benefit arrangement which provides a benefit equal to 60 percent of covered compensation under which benefits paid from the underlying qualified defined benefit plan are an offset to the benefits under the SERP.

Effective August 5, 2009, we adopted a new defined benefit Supplemental Executive Retirement Plan (the 2009 SERP), for corporate officers or any other employees selected at the discretion of the Board. Under the 2009 SERP, a nominal account has been established for each participant, to which the Company contributes at the end of each calendar year an amount equal to ten percent (25 percent for members of the Management Committee appointed on or after January 1, 2016) of the total of each participant's base salary and cash incentive compensation earned during each prior calendar year, beginning December 31, 2009. The benefits vest after three years of service and attainment of age 55 and earn interest credits at the same annual rate as the Company's Pension Account Plan.

Due to the retirement of an executive of the company during fiscal 2020, we recognized a one-time settlement charge of $9.2 million and paid a $22.7 million lump sum in relation to the retirement.

Similar to our employee pension plans, we review the estimates and assumptions underlying our supplemental plans annually based upon a September 30 measurement date using the same techniques as our employee pension plans. The actuarial assumptions used to determine the pension liability for the supplemental plans were determined as of September 30, 2020 and 2019 and the actuarial assumptions used to determine the net periodic pension cost for the supplemental plans were determined as of September 30, 2019, 2018 and 2017. These assumptions are presented in the following table:

	Pension Liability		Pension Cost		
	2020	2019	2020	2019	2018
Discount rate[1]	2.80%	3.29%	3.19%	4.38%	4.08%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	3.50%
Interest crediting rate	4.69%	4.69%	4.69%	4.69%	4.69%

(1) Reflects a weighted average discount rate for pension cost for fiscal 2020 and 2018 due to the settlements during the year.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the supplemental plans' accumulated benefit obligation, projected benefit obligation and funded status as of September 30, 2020 and 2019:

	2020	2019
	(In thousands)	
Accumulated benefit obligation	$ 122,207	$ 138,772
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 143,987	$ 121,370
Service cost	1,074	869
Interest cost	4,188	5,127
Actuarial (gain) loss	7,386	25,099
Benefits paid	(4,766)	(8,478)
Settlements	(22,729)	—
Benefit obligation at end of year	129,140	143,987
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	27,495	8,478
Benefits paid	(4,766)	(8,478)
Settlements	(22,729)	—
Fair value of plan assets at end of year	—	—
Reconciliation:		
Funded status	(129,140)	(143,987)
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Accrued pension cost	$(129,140)	$(143,987)

Assets for the supplemental plans are held in separate rabbi trusts. At September 30, 2020 and 2019, assets held in the rabbi trusts consisted of equity securities of $41.9 million and $44.0 million, which are included in our fair value disclosures in Note 15.

Net periodic pension cost for the supplemental plans for fiscal 2020, 2019 and 2018 is presented in the following table.

	Fiscal Year Ended September 30		
	2020	2019	2018
		(In thousands)	
Components of net periodic pension cost:			
Service cost	$ 1,074	$ 869	$ 1,332
Interest cost[1]	4,188	5,127	4,988
Recognized actuarial loss[1]	3,945	2,227	3,079
Settlements[1]	9,180	—	4,159
Net periodic pension cost	$18,387	$8,223	$13,558

(1) The components of net periodic cost other than the service cost component are included in the line item other non-operating income (expense) in the consolidated statements of comprehensive income or are capitalized on the consolidated balance sheets as a regulatory asset or liability, as described in Note 2.

Estimated Future Benefit Payments

The following benefit payments for our defined benefit plans, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years:

	Pension Plan	Supplemental Plans
	(In thousands)	
2021	$ 37,523	$30,021
2022	37,804	17,117
2023	39,053	5,124
2024	40,036	4,472
2025	41,016	32,550
2026-2030	204,582	22,308

Postretirement Benefits

We sponsor the Retiree Medical Plan for Retirees and Disabled Employees of Atmos Energy Corporation (the Atmos Retiree Medical Plan). This plan provides medical and prescription drug protection to all qualified participants based on their date of retirement. The Atmos Retiree Medical Plan provides different levels of benefits depending on the level of coverage chosen by the participants and the terms of predecessor plans; however, we generally pay 80 percent of the projected net claims and administrative costs and participants pay the remaining 20 percent. Effective January 1, 2015, for employees who had not met the participation requirements by September 30, 2009, the contribution rates for the Company are limited to a three percent cost increase in claims and administrative costs each year, with the participant responsible for the additional costs.

Generally, our funding policy is to contribute annually an amount in accordance with the requirements of ERISA. However, additional voluntary contributions are made annually as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. We expect to contribute between $15 million and $25 million to our postretirement benefits plan during fiscal 2021.

We maintain a formal investment policy with respect to the assets in our postretirement benefits plan to ensure the assets funding the postretirement benefit plan are appropriately invested to maintain an acceptable level of risk. We also consider our current financial status when making recommendations and decisions regarding the postretirement benefits plan.

We currently invest the assets funding our postretirement benefit plan in diversified investment funds which consist of common stocks, preferred stocks and fixed income securities. The diversified investment funds may invest up to 75 percent of assets in common stocks and convertible securities. The following table presents asset allocation information for the postretirement benefit plan assets as of September 30, 2020 and 2019.

	Actual Allocation September 30	
Security Class	2020	2019
Diversified investment funds	97.4%	97.1%
Cash and cash equivalents	2.6%	2.9%

Similar to our employee pension and supplemental plans, we review the estimates and assumptions underlying our postretirement benefit plan annually based upon a September 30 measurement date using the same techniques as our employee pension plans. The actuarial assumptions used to determine the pension liability for our postretirement plan were determined as of September 30, 2020 and 2019 and the actuarial assumptions used to determine the net periodic pension cost for the postretirement plan were determined as of September 30, 2019, 2018 and 2017.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The assumptions are presented in the following table:

	Postretirement Liability		Postretirement Cost		
	2020	2019	2020	2019	2018
Discount rate	2.80%	3.29%	3.29%	4.38%	3.89%
Expected return on plan assets	4.94%	5.14%	5.14%	5.33%	4.29%
Initial trend rate	6.25%	6.25%	6.25%	6.50%	7.00%
Ultimate trend rate	5.00%	5.00%	5.00%	5.00%	5.00%
Ultimate trend reached in	2026	2025	2025	2022	2022

The following table presents the postretirement plan's benefit obligation and funded status as of September 30, 2020 and 2019:

	2020	2019
	(In thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 316,033	$ 265,986
Service cost	13,466	10,810
Interest cost	10,612	11,839
Plan participants' contributions	5,849	5,901
Actuarial (gain) loss	43,412	39,472
Benefits paid	(18,694)	(17,975)
Benefit obligation at end of year	370,678	316,033
Change in plan assets:		
Fair value of plan assets at beginning of year	201,901	199,361
Actual return on plan assets	2,356	1,125
Employer contributions	16,833	13,489
Plan participants' contributions	5,849	5,901
Benefits paid	(18,694)	(17,975)
Fair value of plan assets at end of year	208,245	201,901
Reconciliation:		
Funded status	(162,433)	(114,132)
Unrecognized transition obligation	—	—
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Accrued postretirement cost	$(162,433)	$(114,132)

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net periodic postretirement cost for fiscal 2020, 2019 and 2018 is presented in the following table.

	Fiscal Year Ended September 30		
	2020	2019	2018
	(In thousands)		
Components of net periodic postretirement cost:			
Service cost	$ 13,466	$ 10,810	$12,078
Interest cost[1]	10,612	11,839	10,907
Expected return on assets[1]	(10,499)	(10,659)	(8,006)
Amortization of transition obligation[1]	—	—	—
Amortization of prior service cost (credit)[1]	173	173	11
Recognized actuarial gain[1]	(1,337)	(8,178)	(6,473)
Net periodic postretirement cost	$ 12,415	$ 3,985	$ 8,517

(1) The components of net periodic cost other than the service cost component are included in the line item other non-operating income (expense) in the consolidated statements of comprehensive income or are capitalized on the consolidated balance sheets as a regulatory asset or liability, as described in Note 2.

We are currently recovering other postretirement benefits costs through our regulated rates in substantially all of our service areas under accrual accounting as prescribed by accounting principles generally accepted in the United States. Other postretirement benefits costs have been specifically addressed in rate orders in each jurisdiction served by our Kentucky/Mid-States, West Texas, Mid-Tex and Mississippi Divisions as well as our Kansas jurisdiction and APT or have been included in a rate case and not disallowed. Management believes that this accounting method is appropriate and will continue to seek rate recovery of accrual-based expenses in its ratemaking jurisdictions that have not yet approved the recovery of these expenses.

The following tables set forth by level, within the fair value hierarchy, the Retiree Medical Plan's assets at fair value as of September 30, 2020 and 2019. The methods used to determine fair value for the assets held by the Retiree Medical Plan are fully described in Note 2.

	Assets at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Investments:				
Money market funds	$ —	$5,525	$ —	$ 5,525
Registered investment companies	202,720	—	—	202,720
Total investments measured at fair value	$202,720	$5,525	$ —	$208,245

	Assets at Fair Value as of September 30, 2019			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Investments:				
Money market funds	$ —	$5,972	$ —	$ 5,972
Registered investment companies	195,929	—	—	195,929
Total investments measured at fair value	$195,929	$5,972	$ —	$201,901

Estimated Future Benefit Payments

The following benefit payments paid by us, retirees and prescription drug subsidy payments for our postretirement benefit plans, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years. Company payments for fiscal 2020 include contributions to our postretirement plan trusts.

	Company Payments	Retiree Payments	Subsidy Payments	Total Postretirement Benefits
		(In thousands)		
2021	$ 22,632	$ 4,368	$—	$ 27,000
2022	16,263	4,772	—	21,035
2023	16,590	5,144	—	21,734
2024	17,517	5,651	—	23,168
2025	18,353	6,104	—	24,457
2026-2030	101,158	35,039	—	136,197

Defined Contribution Plan

The Atmos Energy Corporation Retirement Savings Plan and Trust (the Retirement Savings Plan) covers substantially all employees and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Effective January 1, 2007, employees automatically become participants of the Retirement Savings Plan on the date of employment. Participants may elect a salary reduction up to a maximum of 65 percent of eligible compensation, as defined by the Plan, not to exceed the maximum allowed by the Internal Revenue Service. New participants are automatically enrolled in the Plan at a contribution rate of four percent of eligible compensation, from which they may opt out. We match 100 percent of a participant's contributions, limited to four percent of the participant's salary. Participants are eligible to receive matching contributions after completing one year of service, in which they are immediately vested. Effective January 1, 2021, participants are eligible to receive matching contributions immediately upon enrollment in the Retirement Savings Plan. This matching contribution vests after completing one year of service. Participants are also permitted to take out a loan against their accounts subject to certain restrictions. Employees hired on or after October 1, 2010 participate in the enhanced plan in which participants receive a fixed annual contribution of four percent of eligible earnings to their Retirement Savings Plan account. Participants will continue to be eligible for company matching contributions of up to four percent of their eligible earnings and will be fully vested in the fixed annual contribution after three years of service.

Matching and fixed annual contributions to the Retirement Savings Plan are expensed as incurred and amounted to $17.9 million, $16.7 million and $16.2 million for fiscal years 2020, 2019 and 2018. At September 30, 2020 and 2019, the Retirement Savings Plan held 2.2 percent and 2.6 percent of our outstanding common stock.

10. Stock and Other Compensation Plans

Stock-Based Compensation Plans

Total stock-based compensation cost was $21.1 million, $23.9 million and $23.9 million for the fiscal years ended September 30, 2020, 2019 and 2018. Of this amount, $11.6 million, $12.8 million and $11.1 million was capitalized.

1998 Long-Term Incentive Plan

We have the 1998 Long-Term Incentive Plan (LTIP), which provides a comprehensive, long-term incentive compensation plan providing for discretionary awards of incentive stock options, non-qualified stock options, stock appreciation rights, bonus stock, time-lapse restricted stock, time-lapse restricted stock units, performance-based restricted stock units and stock units to certain employees and non-employee directors of the Company and our subsidiaries. The objectives of this plan include attracting and retaining the best available personnel, providing for additional performance incentives and promoting our success by providing employees with the opportunity to acquire common stock.

We were originally authorized to grant awards up to a maximum cumulative amount of 11.2 million shares of common stock under this plan subject to certain adjustment provisions. As of September 30, 2020, non-qualified stock options, bonus stock, time-lapse restricted stock, time-lapse restricted stock units, performance-based restricted stock units and stock units had been issued under this plan, and 1.3 million shares are available for future issuance through September 30, 2021.

Restricted Stock Units Award Grants

As noted above, the LTIP provides for discretionary awards of restricted stock units to help attract, retain and reward employees of Atmos Energy and its subsidiaries. Certain of these awards vest based upon the passage of time and other awards vest based upon the passage of time and the achievement of specified performance targets. The fair value of the awards granted is based on the market price of our stock at the date of grant. We estimate forfeitures using our historical forfeiture rate. The associated expense is recognized ratably over the vesting period. We use authorized and unissued shares to meet share requirements for the vesting of restricted stock units.

Employees who are granted time-lapse restricted stock units under our LTIP have a nonforfeitable right to dividend equivalents that are paid at the same rate and at the same time at which they are paid on shares of stock without restrictions. Time-lapse restricted stock units contain only a service condition that the employee recipients render continuous services to the Company for a period of three years from the date of grant, except for accelerated vesting in the event of death, disability, change of control of the Company or termination without cause (with certain exceptions). There are no performance conditions required to be met for employees to be vested in time-lapse restricted stock units.

Employees who are granted performance-based restricted stock units under our LTIP have a forfeitable right to dividend equivalents that accrue at the same rate at which they are paid on shares of stock without restrictions. Dividend equivalents on the performance-based restricted stock units are paid either in cash or in the form of shares upon the vesting of the award. Performance-based restricted stock units contain a service condition that the employee recipients render continuous services to the Company for a period of three years from the beginning of the applicable three-year performance period, except for accelerated vesting in the event of death, disability, change of control of the Company or termination without cause (with certain exceptions) and a performance condition based on a cumulative earnings per share target amount.

The following summarizes information regarding the restricted stock units granted under the plan during the fiscal years ended September 30, 2020, 2019 and 2018:

	2020		2019		2018	
	Number of Restricted Units	Weighted Average Grant-Date Fair Value	Number of Restricted Units	Weighted Average Grant-Date Fair Value	Number of Restricted Units	Weighted Average Grant-Date Fair Value
Nonvested at beginning of year	503,072	$ 91.66	538,592	$80.91	570,814	$69.45
Granted	199,985	102.34	241,472	98.25	248,710	85.62
Vested	(242,975)	85.66	(269,347)	76.71	(274,392)	64.43
Forfeited	(16,803)	96.87	(7,645)	86.37	(6,540)	74.87
Nonvested at end of year	443,279	$ 99.28	503,072	$91.66	538,592	$80.91

As of September 30, 2020, there was $13.0 million of total unrecognized compensation cost related to non-vested restricted stock units granted under the LTIP. That cost is expected to be recognized over a weighted average period of 1.5 years. The fair value of restricted stock vested during the fiscal years ended September 30, 2020, 2019 and 2018 was $20.7 million, $20.5 million and $17.2 million.

Other Plans

Direct Stock Purchase Plan

We maintain a Direct Stock Purchase Plan, open to all investors, which allows participants to have all or part of their cash dividends paid quarterly in additional shares of our common stock. The minimum initial investment required to join the plan is $1,250. Direct Stock Purchase Plan participants may purchase additional shares of our common stock as often as weekly with voluntary cash payments of at least $25, up to an annual maximum of $100,000.

Equity Incentive and Deferred Compensation Plan for Non-Employee Directors

We have an Equity Incentive and Deferred Compensation Plan for Non–Employee Directors, which provides non-employee directors of Atmos Energy with the opportunity to defer receipt, until retirement, of compensation for services rendered to the Company and invest deferred compensation into either a cash account or a stock account.

Other Discretionary Compensation Plans

We have an annual incentive program covering substantially all employees to give each employee an opportunity to share in our financial success based on the achievement of key performance measures considered critical to achieving business objectives for a given year with minimum and maximum thresholds. The Company must meet the minimum threshold for the plan to be funded and distributed to employees. These performance measures may include earnings growth objectives, improved cash flow objectives or crucial customer satisfaction and safety results. We monitor progress towards the achievement of the performance measures throughout the year and record accruals based upon the expected payout using the best estimates available at the time the accrual is recorded. During the last several fiscal years, we have used earnings per share as our sole performance measure.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Details of Selected Financial Statement Captions

The following tables provide additional information regarding the composition of certain financial statement captions.

Balance Sheet

Accounts receivable

Accounts receivable was comprised of the following at September 30, 2020 and 2019:

	September 30	
	2020	2019
	(In thousands)	
Billed accounts receivable	$140,259	$126,984
Unbilled revenue	80,699	78,986
Contributions in aid of construction receivable	19,821	22,378
Other accounts receivable	19,765	18,122
Total accounts receivable	260,544	246,470
Less: allowance for doubtful accounts	(29,949)	(15,899)
Net accounts receivable	$230,595	$230,571

Other current assets

Other current assets as of September 30, 2020 and 2019 were comprised of the following accounts.

	September 30	
	2020	2019
	(In thousands)	
Deferred gas costs	$ 40,593	$23,766
Prepaid expenses	40,340	38,895
Materials and supplies	6,829	5,916
Assets from risk management activities	5,687	1,586
Other	14,456	2,609
Total	$107,905	$72,772

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Property, plant and equipment

Property, plant and equipment was comprised of the following as of September 30, 2020 and 2019:

	September 30 2020	September 30 2019
	(In thousands)	
Storage plant	$ 530,985	$ 431,286
Transmission plant	3,459,765	3,157,316
Distribution plant	10,680,495	9,333,011
General plant	829,624	799,095
Intangible plant	38,297	38,191
	15,539,166	13,758,899
Construction in progress	418,055	421,694
	15,957,221	14,180,593
Less: accumulated depreciation and amortization	(2,601,874)	(2,392,924)
Net property, plant and equipment[1]	$13,355,347	$11,787,669

[1] Net property, plant and equipment includes plant acquisition adjustments of $(37.8) million and $(46.7) million at September 30, 2020 and 2019.

Goodwill

The following presents our goodwill balance allocated by segment and changes in the balance for the fiscal year ended September 30, 2020:

	Distribution	Pipeline and Storage	Total
		(In thousands)	
Balance as of September 30, 2019	$587,604	$143,102	$730,706
Deferred tax adjustments on prior acquisitions[1]	(768)	1,319	551
Balance as of September 30, 2020	$586,836	$144,421	$731,257

[1] We annually adjust certain deferred taxes recorded in connection with an acquisition completed in fiscal 2005, which resulted in an increase to goodwill and net deferred tax liabilities of $0.6 million for fiscal 2020.

Deferred charges and other assets

Deferred charges and other assets as of September 30, 2020 and 2019 were comprised of the following accounts.

	September 30 2020	September 30 2019
	(In thousands)	
Marketable securities	$103,952	$101,883
Regulatory assets (See Note 2)	371,707	260,220
Operating lease right of use assets (See Note 6)	227,146	—
Assets from risk management activities	74,991	225
Tax receivable	—	10,099
Other	23,374	18,786
Total	$801,170	$391,213

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of September 30, 2020 and 2019 were comprised of the following accounts.

	September 30 2020	September 30 2019
	(In thousands)	
Trade accounts payable	$141,075	$176,581
Accrued gas payable	42,054	36,817
Accrued liabilities	52,646	51,626
Total	$235,775	$265,024

Other current liabilities

Other current liabilities as of September 30, 2020 and 2019 were comprised of the following accounts.

	September 30 2020	September 30 2019
	(In thousands)	
Customer credit balances and deposits	$ 56,485	$ 54,617
Accrued employee costs	57,057	55,216
Deferred gas costs	19,985	14,112
Operating lease liabilities (See Note 6)	35,716	—
Accrued interest	53,554	51,381
Liabilities from risk management activities	2,015	4,552
Taxes payable	148,292	135,597
Pension and postretirement liabilities	29,609	26,197
Regulatory cost of service reserve	1,716	4,209
Regulatory cost of removal obligation	73,908	55,721
APT annual adjustment mechanism	43,893	52,856
Regulatory excess deferred taxes (See Note 13)	20,887	21,206
Other	3,344	3,837
Total	$546,461	$479,501

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred credits and other liabilities

Deferred credits and other liabilities as of September 30, 2020 and 2019 were comprised of the following accounts.

	September 30	
	2020	2019
	(In thousands)	
Pension and post retirement liabilities	$337,303	$279,083
Operating lease liabilities (See Note 6)	201,071	—
Customer advances for construction	10,060	12,566
Other regulatory liabilities (See Note 2)	17,838	16,120
Asset retirement obligation	20,348	17,054
Liabilities from risk management activities	—	1,249
APT annual adjustment mechanism	13,486	25,545
Unrecognized tax benefits	30,921	27,716
Other	11,101	20,883
Total	$642,128	$400,216

Statement of Comprehensive Income

Other non-operating income (expense)

Other non-operating income (expense) for the fiscal years ended September 30, 2020, 2019 and 2018 were comprised of the following accounts.

	Year Ended September 30		
	2020	2019	2018
		(In thousands)	
Equity component of AFUDC	$ 23,493	$ 11,165	$ —
Performance-based rate program	6,771	6,737	6,745
Pension and other postretirement non-service credit (cost)	(3,189)	3,016	(5,770)
Interest income	2,932	4,160	1,450
Community support spending	(11,728)	(4,771)	(6,053)
Miscellaneous	(11,108)	(12,903)	(6,516)
Total	$ 7,171	$ 7,404	$(10,144)

Statement of Cash Flows

Supplemental disclosures of cash flow information for the fiscal years ended September 30, 2020, 2019 and 2018 were as follows:

	Year Ended September 30		
	2020	2019	2018
		(In thousands)	
Cash Paid (Received) During The Period For:			
Interest[1]	$194,993	$184,852	$169,987
Income taxes	$ (3,071)	$ 11,467	$ 6,102
Non-Cash Transactions:			
Capital expenditures included in current liabilities	$113,365	$149,993	$112,211

(1) Cash paid during the period for interest, net of amounts capitalized was $82.3 million, $91.3 million and $106.8 million for the fiscal years ended September 30, 2020, 2019 and 2018.

12. Commitments and Contingencies

Litigation and Environmental Matters

In the normal course of business, we are subject to various legal and regulatory proceedings. For such matters, we record liabilities when they are considered probable and estimable, based on currently available facts, our historical experience and our estimates of the ultimate outcome or resolution of the liability in the future. While the outcome of these proceedings is uncertain and a loss in excess of the amount we have accrued is possible though not reasonably estimable, it is the opinion of management that any amounts exceeding the accruals will not have a material adverse impact on our financial position, results of operations or cash flows.

We maintain liability insurance for various risks associated with the operation of our natural gas pipelines and facilities, including for property damage and bodily injury. These liability insurance policies generally require us to be responsible for the first $1.0 million (self-insured retention) of each incident.

The National Transportation Safety Board (NTSB) is investigating an incident that occurred at a Dallas, Texas residence on February 23, 2018 that resulted in one fatality and injuries to four other residents. Together with the Railroad Commission of Texas (RRC) and the Pipeline and Hazardous Materials Safety Administration (PHMSA), Atmos Energy is a party to the investigation and in that capacity is working closely with the NTSB to help determine the cause of this incident.

We are a party to various other litigation and environmental-related matters or claims that have arisen in the ordinary course of our business. While the results of such litigation and response actions to such environmental-related matters or claims cannot be predicted with certainty, we continue to believe the final outcome of such litigation and matters or claims will not have a material adverse effect on our financial condition, results of operations or cash flows.

Purchase Commitments

Our distribution divisions maintain supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of the individual contract.

Our Mid-Tex Division also maintains a limited number of long-term supply contracts to ensure a reliable source of gas for our customers in its service area, which obligate it to purchase specified volumes at prices indexed to natural gas trading hubs. At September 30, 2020, we were committed to purchase 59.3 Bcf within one year, 57.0 Bcf within two to three years and 0.1 Bcf beyond three years under indexed contracts. Purchases under these contracts totaled $58.5 million, $50.8 million and $57.2 million for 2020, 2019 and 2018.

Rate Regulatory Proceedings

As of September 30, 2020, routine rate regulatory proceedings were in progress in some of our service areas, which are discussed in further detail above in the *Business — Ratemaking Activity* section.

13. Income Taxes

Income Tax Expense

The components of income tax expense from continuing operations for 2020, 2019 and 2018 were as follows:

	2020	2019 (In thousands)	2018
Current			
Federal	$ —	$ —	$ (10,099)
State	14,193	8,412	11,075
Deferred			
Federal	143,039	113,331	150,556
State [(1)]	(11,879)	17,160	15,330
TCJA Impact	—	—	(158,782)
Income tax expense	$145,353	$138,903	$ 8,080

(1) Includes a non-cash income tax benefit of $21.0 million resulting from the remeasurement of the rate at which state deferred taxes will reverse in the future as discussed below.

Reconciliations of the provision for income taxes computed at the statutory rate to the reported provisions for income taxes from continuing operations for 2020, 2019 and 2018 are set forth below:

	2020	2019 (In thousands)	2018
Tax at statutory rate[(1)]	$156,827	$136,565	$ 149,730
Common stock dividends deductible for tax reporting	(1,419)	(1,460)	(1,745)
State taxes (net of federal benefit)	22,791	20,202	19,826
Amortization of excess deferred taxes	(16,125)	(14,085)	(1,219)
Remeasurement due to TCJA	—	—	(158,782)
Remeasurement due to state deferred tax rate change	(20,962)	—	—
Other, net	4,241	(2,319)	270
Income tax expense	$145,353	$138,903	$ 8,080

(1) Tax expense is calculated at the statutory federal income tax rate of 21.0%, 21.0%, 24.5% for the year ended September 30, 2020, 2019 and 2018.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred income taxes reflect the tax effect of differences between the basis of assets and liabilities for book and tax purposes. The tax effect of temporary differences that gave rise to significant components of the deferred tax liabilities and deferred tax assets at September 30, 2020 and 2019 are presented below:

	2020	2019
	(In thousands)	
Deferred tax assets:		
Employee benefit plans	$ 66,991	$ 70,929
Interest rate swaps	16,719	33,918
Net operating loss carryforwards	476,507	485,133
Charitable and other credit carryforwards	8,712	8,241
Regulatory excess deferred tax	161,565	165,701
Other	73,542	13,186
Total deferred tax assets	804,036	777,108
Valuation allowance	(1,102)	(1,894)
Net deferred tax assets	802,934	775,214
Deferred tax liabilities:		
Difference in net book value and net tax value of assets[(1)]	(2,138,966)	(2,004,516)
Pension funding	(484)	(4,384)
Gas cost adjustments	(23,209)	(18,072)
Other	(96,844)	(48,257)
Total deferred tax liabilities	(2,259,503)	(2,075,229)
Net deferred tax liabilities	$(1,456,569)	$(1,300,015)
Deferred credits for rate regulated entities	$ 2,537	$ 2,582

(1) Includes $129.0 million and $131.0 million of deferred tax liability related to goodwill as of September 30, 2020 and 2019.

At September 30, 2020, we had $446.9 million (tax effected) of federal net operating loss carryforwards. The federal net operating loss carryforwards are available to offset taxable income and will begin to expire in 2029. The Company also had $10.1 million of federal alternative minimum tax credit carryforwards as of September 30, 2019, which did not expire and were fully refunded to us during fiscal 2020. In addition, the Company has $6.9 million in charitable contribution carryforwards to offset future taxable income. The Company's charitable contribution carryforwards expiration period begins in fiscal 2021.

The Company also has $29.6 million (tax effected) of state net operating loss carryforwards (net of $7.9 million of federal effects) and $1.8 million of state tax credits carryforwards (net of $0.5 million of federal effects). Depending on the jurisdiction in which the state net operating loss was generated, the carryforwards expiration period begins in fiscal 2021.

We believe it is more likely than not that the benefit from certain state net operating loss carryforwards and state credit carryforwards will not be realized. Due to the uncertainty of realizing a benefit from the deferred tax asset recorded for the carryforwards, a valuation allowance of $1.1 million was established for the year ended September 30, 2020.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At September 30, 2020, we had recorded liabilities associated with unrecognized tax benefits totaling $30.9 million. The following table reconciles the beginning and ending balance of our unrecognized tax benefits:

	2020	2019	2018
		(In thousands)	
Unrecognized tax benefits - beginning balance	$27,716	$26,203	$23,719
Increase (decrease) resulting from prior period tax positions	(26)	(923)	22
Increase resulting from current period tax positions	3,231	2,436	2,462
Unrecognized tax benefits - ending balance	30,921	27,716	26,203
Less: deferred federal and state income tax benefits	(6,493)	(5,820)	(5,503)
Total unrecognized tax benefits that, if recognized, would impact the effective income tax rate as of the end of the year	$24,428	$21,896	$20,700

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties included within interest charges in our consolidated statements of comprehensive income. During the years ended September 30, 2020, 2019 and 2018, the Company recognized approximately $0.7 million, $2.2 million and $1.6 million in interest and penalties. The Company had approximately $8.2 million, $7.9 million and $6.1 million for the payment of interest and penalties accrued at September 30, 2020, 2019 and 2018.

We file income tax returns in the U.S. federal jurisdiction as well as in various states where we have operations. We have concluded substantially all U.S. federal income tax matters through fiscal year 2009 and concluded substantially all Texas income tax matters through fiscal year 2010.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act did not have an impact on our consolidated financial statements for the year ended September 30, 2020.

Excess Deferred Taxes

On June 1, 2020, the Kansas legislature passed House Bill 2585 which eliminated the assessment of state income taxes on regulated utilities. This legislation was effective for the Company on October 1, 2020. Due to the change in the Kansas state tax law and the result of a study to estimate the rate at which state deferred taxes will reverse in the future, we reduced our deferred tax liability by $32.5 million during the fiscal third quarter of 2020. We established a $12.1 million regulatory liability for excess deferred taxes that will be returned to Kansas customers. We are currently working with the Kansas Corporation Commission to determine the amortization period for this liability. We recognized a $21.0 million income tax benefit in our consolidated statement of comprehensive income for the year ended September 30, 2020.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "TCJA") was signed into law. As a result of the implementation of the TCJA, we recognized a $158.8 million income tax benefit in our consolidated statement of comprehensive income for the year ended September 30, 2018 related to a change in deferred taxes that were not related to our cost of service ratemaking. The change in deferred taxes related to our cost of service ratemaking (referred to as excess deferred taxes) was reclassified into a regulatory liability and as approved by our regulators, will be returned to ratepayers on a provisional basis over periods ranging from 15 to 46 years. As of September 30, 2020 and 2019, this liability totaled $706.7 million and $726.3 million.

During fiscal 2019, we received approval from regulators to update our cost of service rates to reflect the decrease in the statutory income tax rate in all of our service areas. Additionally, as of September 30, 2020, we have returned the separate regulatory liability to customers in substantially all of our service areas for the difference in taxes included in our rates that were calculated based on a 35% statutory income tax rate until new rates could be established based on the new 21% statutory income tax rate.

14. Financial Instruments

We currently use financial instruments to mitigate commodity price risk and to mitigate interest rate risk. Our financial instruments do not contain any credit-risk-related or other contingent features that could cause accelerated payments when our financial instruments are in net liability positions.

As discussed in Note 2, we report our financial instruments as risk management assets and liabilities, each of which is classified as current or noncurrent based upon the anticipated settlement date of the underlying financial instrument. The following table shows the fair values of our risk management assets and liabilities at September 30, 2020 and 2019.

	September 30	
	2020	2019
	(In thousands)	
Assets from risk management activities, current	$ 5,687	$ 1,586
Assets from risk management activities, noncurrent	74,991	225
Liabilities from risk management activities, current	(2,015)	(4,552)
Liabilities from risk management activities, noncurrent	—	(1,249)
Net assets (liabilities)	$78,663	$(3,990)

Commodity Risk Management Activities

Our purchased gas cost adjustment mechanisms essentially insulate our distribution segment from commodity price risk; however, our customers are exposed to the effects of volatile natural gas prices. We manage this exposure through a combination of physical storage, fixed-price forward contracts and financial instruments, primarily over-the-counter swap and option contracts, in an effort to minimize the impact of natural gas price volatility on our customers during the winter heating season.

In jurisdictions where we are permitted to mitigate commodity price risk through financial instruments, the relevant regulatory authorities may establish the level of heating season gas purchases that can be hedged. Our distribution gas supply department is responsible for executing this segment's commodity risk management activities in conformity with regulatory requirements. Historically, if the regulatory authority does not establish this level, we seek to hedge between 25 and 50 percent of anticipated heating season gas purchases using financial instruments. For the 2019-2020 heating season (generally October through March), in the jurisdictions where we are permitted to utilize financial instruments, we hedged approximately 49 percent, or approximately 19.9 Bcf of the winter flowing gas requirements at a weighted average cost of approximately $2.84 per Mcf. We have not designated these financial instruments as hedges for accounting purposes.

Interest Rate Risk Management Activities

In fiscal 2020, we entered into forward starting interest rate swaps to effectively fix the Treasury yield component associated with $500 million of a planned issuance of unsecured senior notes in fiscal 2021 at 0.69%; these swaps were settled in September 2020 with a net payment of $4.4 million. On October 1, 2020, the notes were issued as planned.

Additionally, in fiscal 2020, we entered into forward starting interest rate swaps to effectively fix the Treasury yield component associated with $450 million of a planned issuance of unsecured senior notes in fiscal 2022 at 1.33%, $300 million of a planned issuance of unsecured senior notes in fiscal 2023 at 1.36% and $300 million of a planned issuance of unsecured senior notes in fiscal 2025 at 1.35%, which we designated as cash flow hedges at the time the agreements were executed.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Quantitative Disclosures Related to Financial Instruments

The following tables present detailed information concerning the impact of financial instruments on our consolidated balance sheet and statements of comprehensive income.

As of September 30, 2020, our financial instruments were comprised of both long and short commodity positions. A long position is a contract to purchase the commodity, while a short position is a contract to sell the commodity. As of September 30, 2020, we had 18,191 MMcf of net long commodity contracts outstanding. These contracts have not been designated as hedges.

Financial Instruments on the Balance Sheet

The following tables present the fair value and balance sheet classification of our financial instruments as of September 30, 2020 and 2019. The gross amounts of recognized assets and liabilities are netted within our consolidated balance sheets to the extent that we have netting arrangements with the counterparties. However, as of September 30, 2020 and 2019, no gross amounts and no cash collateral were netted within our consolidated balance sheet.

	Balance Sheet Location	Assets	Liabilities
		(In thousands)	
September 30, 2020			
Designated As Hedges:			
Interest rate contracts	Deferred charges and other assets / Deferred credits and other liabilities	$73,055	$ —
Total		73,055	—
Not Designated As Hedges:			
Commodity contracts	Other current assets / Other current liabilities	5,687	(2,015)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	1,936	—
Total		7,623	(2,015)
Gross / Net Financial Instruments		$80,678	$(2,015)

	Balance Sheet Location	Assets	Liabilities
		(In thousands)	
September 30, 2019			
Not Designated As Hedges:			
Commodity contracts	Other current assets / Other current liabilities	$1,586	$(4,552)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	225	(1,249)
Total		1,811	(5,801)
Gross / Net Financial Instruments		$1,811	$(5,801)

Impact of Financial Instruments on the Statement of Comprehensive Income

Cash Flow Hedges

As discussed above, the interest rate agreements we executed in prior years were designated as cash flow hedges when those agreements were executed. The net loss on settled interest rate agreements reclassified from AOCI into interest charges on our consolidated statements of comprehensive income for the years ended September 30, 2020, 2019 and 2018 was $5.5 million, $3.9 million and $2.4 million.

The following table summarizes the gains and losses arising from hedging transactions that were recognized as a component of other comprehensive income (loss), for the years ended September 30, 2020 and 2019. The amounts included in the table below exclude gains and losses arising from ineffectiveness because these amounts are immediately recognized in the statement of comprehensive income as incurred.

	Fiscal Year Ended September 30	
	2020	2019
	(In thousands)	
Increase (decrease) in fair value:		
Interest rate agreements	$53,241	$(25,966)
Recognition of losses in earnings due to settlements:		
Interest rate agreements	3,647	3,022
Total other comprehensive income (loss) from hedging, net of tax	$56,888	$(22,944)

Deferred gains (losses) recorded in AOCI associated with our interest rate agreements are recognized in earnings as they are amortized over the terms of the underlying debt instruments. As of September 30, 2020, we had $114.5 million of net realized losses in AOCI associated with our interest rate agreements. The following amounts, net of deferred taxes, represent the expected recognition in earnings of the deferred net losses recorded in AOCI associated with our interest rate agreements, based upon the fair values of these agreements at the date of settlement. The remaining amortization periods for these settled amounts extend through fiscal 2049. However, the table below does not include the expected recognition in earnings of our outstanding interest rate agreements as those financial instruments have not yet settled.

	Interest Rate Agreements
	(In thousands)
2021	$ (4,569)
2022	(4,569)
2023	(4,569)
2024	(4,569)
2025	(4,569)
Thereafter	(91,657)
Total	$(114,502)

Financial Instruments Not Designated as Hedges

As discussed above, commodity contracts which are used in our distribution segment are not designated as hedges. However, there is no earnings impact on our distribution segment as a result of the use of these financial instruments because the gains and losses arising from the use of these financial instruments are recognized in the consolidated statements of comprehensive income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue. Accordingly, the impact of these financial instruments is excluded from this presentation.

15. Fair Value Measurements

We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We record cash and cash equivalents, accounts receivable and accounts payable at carrying value, which substantially approximates fair value due to the short-term nature of these assets and liabilities. For other financial assets and liabilities, we primarily use quoted market prices and other observable market

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

pricing information to minimize the use of unobservable pricing inputs in our measurements when determining fair value. The methods used to determine fair value for our assets and liabilities are fully described in Note 2.

Fair value measurements also apply to the valuation of our pension and post-retirement plan assets. The fair value of these assets is presented in Note 9.

Quantitative Disclosures

Financial Instruments

The classification of our fair value measurements requires judgment regarding the degree to which market data are observable or corroborated by observable market data. The following tables summarize, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2020 and 2019. As required under authoritative accounting literature, assets and liabilities are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)(1)	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral	September 30, 2020
			(In thousands)		
Assets:					
Financial instruments	$ —	$ 80,678	$ —	$ —	$ 80,678
Debt and equity securities					
Registered investment companies	37,831	—	—	—	37,831
Bond mutual funds	29,166	—	—	—	29,166
Bonds(2)	—	32,900	—	—	32,900
Money market funds	—	4,055	—	—	4,055
Total debt and equity securities	66,997	36,955	—	—	103,952
Total assets	$66,997	$117,633	$ —	$ —	$184,630
Liabilities:					
Financial instruments	$ —	$ 2,015	$ —	$ —	$ 2,015

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)(1)	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral	September 30, 2019
			(In thousands)		
Assets:					
Financial instruments	$ —	$ 1,811	$ —	$ —	$ 1,811
Debt and equity securities					
Registered investment companies	41,406	—	—	—	41,406
Bond mutual funds	25,966	—	—	—	25,966
Bonds(2)	—	31,915	—	—	31,915
Money market funds	—	2,596	—	—	2,596
Total debt and equity securities	67,372	34,511	—	—	101,883
Total assets	$67,372	$36,322	$ —	$ —	$103,694
Liabilities:					
Financial instruments	$ —	$ 5,801	$ —	$ —	$ 5,801

---

(1) Our Level 2 measurements consist of over-the-counter options and swaps, which are valued using a market-based approach in which observable market prices are adjusted for criteria specific to each instrument, such as the strike price, notional amount or basis differences, municipal and corporate bonds, which are valued based on the most recent available quoted market prices and money market funds which are valued at cost.

(2) Our investments in bonds are considered available-for-sale debt securities in accordance with current accounting guidance.

At September 30, 2020 and 2019, the amortized cost of our available-for-sale debt securities was $32.6 million and $31.7 million. At September 30, 2020 we maintained investments in bonds that have contractual maturity dates ranging from October 2020 through May 2023.

Other Fair Value Measures

In addition to the financial instruments above, we have several financial and nonfinancial assets and liabilities subject to fair value measures. These financial assets and liabilities include cash and cash equivalents, accounts receivable, accounts payable and debt, which are recorded at carrying value. The nonfinancial assets and liabilities include asset retirement obligations and pension and post-retirement plan assets. For cash and cash equivalents, accounts receivable and accounts payable, we consider carrying value to materially approximate fair value due to the short-term nature of these assets and liabilities.

Our long-term debt is recorded at carrying value. The fair value of our long-term debt, excluding finance leases, is determined using third party market value quotations, which are considered Level 1 fair value measurements for debt instruments with a recent, observable trade or Level 2 fair value measurements for debt instruments where fair value is determined using the most recent available quoted market price. The carrying value of our finance leases materially approximates fair value. The following table presents the carrying value and fair value of our long-term debt, excluding finances leases, debt issuance costs and original issue premium or discount, as of September 30, 2020:

	September 30, 2020
	(In thousands)
Carrying Amount	$4,560,000
Fair Value	$5,597,183

16. Concentration of Credit Risk

Credit risk is the risk of financial loss to us if a customer fails to perform its contractual obligations. We engage in transactions for the purchase and sale of products and services with major companies in the energy industry and with industrial, commercial, residential and municipal energy consumers. These transactions principally occur in the southern and midwestern regions of the United States. We believe that this geographic concentration does not contribute significantly to our overall exposure to credit risk. Credit risk associated with trade accounts receivable for the distribution segment is mitigated by the large number of individual customers and the diversity in our customer base. The credit risk for our other segment is not significant.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Selected Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly financial data is presented below. The sum of net income per share by quarter may not equal the net income per share for the fiscal year due to variations in the weighted average shares outstanding used in computing such amounts. Our businesses are seasonal due to weather conditions in our service areas. For further information on its effects on quarterly results, see the "Results of Operations" discussion included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section herein.

	Quarter Ended			
	December 31	March 31	June 30	September 30
	(In thousands, except per share data)			
Fiscal year 2020:				
Operating revenues				
Distribution	$ 828,504	$ 933,005	$ 435,308	$ 430,176
Pipeline and storage	148,176	146,237	158,008	156,918
Intersegment eliminations	(101,117)	(101,577)	(100,321)	(112,180)
Total operating revenues	875,563	977,665	492,995	474,914
Purchased gas cost	296,868	317,883	26,072	18,031
Operating income	252,781	331,438	139,035	100,845
Net Income	178,673	239,646	117,791	65,333
Basic net income per share	$ 1.47	$ 1.95	$ 0.96	$ 0.53
Diluted net income per share	$ 1.47	$ 1.95	$ 0.96	$ 0.53

	Quarter Ended			
	December 31	March 31	June 30	September 30
	(In thousands, except per share data)			
Fiscal year 2019:				
Operating revenues				
Distribution	$838,835	$1,057,889	$ 444,944	$ 403,793
Pipeline and storage	134,470	135,650	149,198	147,706
Intersegment eliminations	(95,523)	(98,894)	(108,404)	(107,816)
Total operating revenues	877,782	1,094,645	485,738	443,683
Purchased gas cost	342,165	471,676	31,326	13,670
Operating income	236,464	297,677	122,202	89,715
Net Income	157,646	214,888	80,466	58,406
Basic net income per share	$ 1.38	$ 1.83	$ 0.68	$ 0.49
Diluted net income per share	$ 1.38	$ 1.82	$ 0.68	$ 0.49

ITEM 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

ITEM 9A. ***Controls and Procedures.***

Management's Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on this evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2020 to provide reasonable assurance that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, including a reasonable level of assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f), in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on our evaluation under the framework in *Internal Control-Integrated Framework* issued by COSO and applicable Securities and Exchange Commission rules, our management concluded that our internal control over financial reporting was effective as of September 30, 2020, in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Ernst & Young LLP has issued its report on the effectiveness of the Company's internal control over financial reporting. That report appears below.

/s/ JOHN K. AKERS	/s/ CHRISTOPHER T. FORSYTHE
John K. Akers President, Chief Executive Officer and Director	Christopher T. Forsythe Senior Vice President and Chief Financial Officer

November 13, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Atmos Energy Corporation

Opinion on Internal Control over Financial Reporting

We have audited Atmos Energy Corporation's internal control over financial reporting as of September 30, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Atmos Energy Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2020 consolidated financial statements of the Company and our report dated November 13, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
November 13, 2020

Changes in Internal Control over Financial Reporting

We did not make any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Act) during the fourth quarter of the fiscal year ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *Other Information.*

Not applicable.

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance.*

Information regarding directors and delinquent Section 16(a) reports, if applicable, is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 3, 2021. Information regarding executive officers is reported below:

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth certain information as of September 30, 2020, regarding the executive officers of the Company. It is followed by a brief description of the business experience of each executive officer.

Name	Age	Years of Service	Office Currently Held
Kim R. Cocklin	69	14	Executive Chairman of the Board
John K. Akers	57	29	President, Chief Executive Officer and Director
Christopher T. Forsythe	49	17	Senior Vice President and Chief Financial Officer
David J. Park	49	26	Senior Vice President, Utility Operations
Karen E. Hartsfield	50	5	Senior Vice President, General Counsel and Corporate Secretary
John M. Robbins	50	7	Senior Vice President, Human Resources

Kim R. Cocklin was named Executive Chairman of the Board on October 1, 2017. From October 1, 2010 through September 30, 2015, Mr. Cocklin served the Company as President and Chief Executive Officer and from October 1, 2015 through September 30, 2017, as Chief Executive Officer. Mr. Cocklin joined the Company in June 2006 and served as President and Chief Operating Officer of the Company from October 1, 2008 through September 30, 2010, after having served as Senior Vice President, Regulated Operations from October 2006 through September 2008. Mr. Cocklin was appointed to the Board of Directors on November 10, 2009.

John K. (Kevin) Akers was named President and Chief Executive Officer and was appointed to the Board of Directors effective October 1, 2019. Mr. Akers joined the company in 1991. Mr. Akers assumed increased responsibilities over time and was named President of the Mississippi Division in 2002. He was later named President of the Kentucky/Mid-States Division in May 2007, a position he held until December 2016. Effective January 1, 2017, Mr. Akers was named Senior Vice President, Safety and Enterprise Services and was responsible for customer service, facilities management, safety and supply chain management. In November 2018, Mr. Akers was named Executive Vice President and assumed oversight responsibility for APT.

Christopher T. Forsythe was named Senior Vice President and Chief Financial Officer effective February 1, 2017. Mr. Forsythe joined the Company in June 2003 and prior to this promotion, served as the Company's Vice President and Controller from May 2009 through January 2017. Prior to joining Atmos Energy, Mr. Forsythe worked in public accounting for 10 years.

David J. Park was named Senior Vice President of Utility Operations, effective January 1, 2017. In this role, Mr. Park is responsible for the operations of Atmos Energy's six utility divisions as well as gas supply. Prior to this promotion, Mr. Park served as the President of the West Texas Division from July 2012 to December 2016. Mr. Park also served as Vice President of Rates and Regulatory Affairs in the Mid-Tex Division and previously held positions in Engineering and Public Affairs. Mr. Park's years of service include 10 years at a company acquired by Atmos Energy in 2004.

Karen E. Hartsfield was named Senior Vice President, General Counsel and Corporate Secretary of Atmos Energy, effective August 7, 2017. Ms. Hartsfield joined the Company in June 2015, after having served in private practice for 19 years, most recently as Managing Partner of Jackson Lewis LLP in its Dallas office from July 2013 to June 2015. Prior to joining Jackson Lewis as a partner in January 2009, Ms. Hartsfield was a partner with Baker Botts LLP in Dallas.

John M. (Matt) Robbins was named Senior Vice President, Human Resources, effective January 1, 2017. Mr. Robbins joined the Company in May 2013 and prior to this promotion served as Vice President, Human Resources from February 2015 to December 2016. Before joining Atmos Energy, Mr. Robbins had over 20 years of experience in human resources.

Identification of the members of the Audit Committee of the Board of Directors as well as the Board of Directors' determination as to whether one or more audit committee financial experts are serving on the Audit Committee of the Board of Directors is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 3, 2021.

The Company has adopted a code of ethics for its principal executive officer, principal financial officer and principal accounting officer. Such code of ethics is represented by the Company's Code of Conduct, which is applicable to all directors, officers and employees of the Company, including the Company's principal executive officer, principal financial officer and principal accounting officer. A copy of the Company's Code of Conduct is posted on the Company's website at *www.atmosenergy.com*, under "Corporate Governance" under the "Corporate Responsibility" tab. In addition, any amendment to or waiver granted from a provision of the Company's Code of Conduct will be posted on the Company's website also under "Corporate Governance" under the "Corporate Responsibility" tab.

ITEM 11. *Executive Compensation.*

Information on executive compensation is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 3, 2021, under the captions "Human Resources Committee Report," "Compensation Discussion and Analysis," "Other Executive Compensation Matters" and "Named Executive Officer Compensation."

ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

Security ownership of certain beneficial owners and of management is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 3, 2021, under the heading "Beneficial Ownership of Common Stock." Information concerning our equity compensation plans is provided in Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities", of this Annual Report on Form 10-K.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence.*

Information on certain relationships and related transactions as well as director independence is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 3, 2021, under the heading "Corporate Governance and Other Board Matters," "Proposal One – Election of Directors," and "Director Compensation."

ITEM 14. *Principal Accountant Fees and Services.*

Information on our principal accountant's fees and services is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 3, 2021, under the heading "Proposal Three – Ratification of Appointment of Independent Registered Public Accounting Firm."

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedules.***

(a) 1. and 2. *Financial statements and financial statement schedules.*

The financial statements and financial statement schedule listed in the Index to Financial Statements in Item 8 are filed as part of this Form 10-K.

3. *Exhibits*

Exhibit Number	Description	Page Number or Incorporation by Reference to
	Articles of Incorporation and Bylaws	
3.1	Restated Articles of Incorporation of Atmos Energy Corporation - Texas (As Amended Effective February 3, 2010)	Exhibit 3.1 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.2	Restated Articles of Incorporation of Atmos Energy Corporation - Virginia (As Amended Effective February 3, 2010)	Exhibit 3.2 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.3	Amended and Restated Bylaws of Atmos Energy Corporation (as of February 5, 2019)	Exhibit 3.1 to Form 8-K dated February 5, 2019 (File No. 1-10042)
	Instruments Defining Rights of Security Holders, Including Indentures	
4.1(a)	Specimen Common Stock Certificate (Atmos Energy Corporation)	Exhibit 4.1 to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
4.1(b)	Description of Registrant's Securities	Exhibit 4.1(b) to Form 10-K for fiscal year ended September 30, 2019 (File No. 1-10042)
4.2	Indenture dated as of November 15, 1995 between United Cities Gas Company and Bank of America Illinois, Trustee	Exhibit 4.11(a) to Form S-3 dated August 31, 2004 (File No. 333-118706)
4.3	Indenture dated as of July 15, 1998 between Atmos Energy Corporation and U.S. Bank Trust National Association, Trustee	Exhibit 4.8 to Form S-3 dated August 31, 2004 (File No. 333-118706)
4.4	Indenture dated as of May 22, 2001 between Atmos Energy Corporation and SunTrust Bank, Trustee	Exhibit 99.3 to Form 8-K dated May 22, 2001 (File No. 1-10042)
4.5	Indenture dated as of March 26, 2009 between Atmos Energy Corporation and U.S. Bank National Corporation, Trustee	Exhibit 4.1 to Form 8-K dated March 26, 2009 (File No. 1-10042)
4.6(a)	Debenture Certificate for the 6 3/4% Debentures due 2028	Exhibit 99.2 to Form 8-K dated July 29, 1998 (File No. 1-10042)
4.6(b)	Global Security for the 5.95% Senior Notes due 2034	Exhibit 10(2)(g) to Form 10-K for fiscal year ended September 30, 2004 (File No. 1-10042)
4.6(c)	Global Security for the 5.5% Senior Notes due 2041	Exhibit 4.2 to Form 8-K dated June 13, 2011 (File No. 1-10042)
4.6(d)	Global Security for the 4.15% Senior Notes due 2043	Exhibit 4.2 to Form 8-K dated January 11, 2013 (File No. 1-10042)
4.6(e)	Global Security for the 4.125% Senior Notes due 2044	Exhibit 4.2 to Form 8-K dated October 17, 2014 (File No. 1-10042)
4.6(f)	Global Security for the 3.000% Senior Notes due 2027	Exhibit 4.2 to Form 8-K dated June 8, 2017 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
4.6(g)	Global Security for the 4.125% Senior Notes due 2044	Exhibit 4.3 to Form 8-K dated June 8, 2017 (File No. 1-10042)
4.6(h)	Global Security for the 4.300% Senior Notes due 2048	Exhibit 4.2 to Form 8-K dated October 4, 2018 (File No. 1-10042)
4.6(i)	Global Security for the 4.300% Senior Notes due 2048	Exhibit 4.3 to Form 8-K dated October 4, 2018 (File No. 1-10042)
4.6(j)	Global Security for the 4.125% Senior Notes due 2049	Exhibit 4.2 to Form 8-K dated March 4, 2019 (File No. 1-10042)
4.6(k)	Global Security for the 2.625% Senior Notes due 2029	Exhibit 4.2 to Form 8-K dated October 2, 2019 (File No. 1-10042)
4.6(l)	Global Security for the 3.375% Senior Notes due 2049	Exhibit 4.3 to Form 8-K dated October 2, 2019 (File No. 1-10042)
4.6(m)	Global Security for the 1.500% Senior Notes due 2031	Exhibit 4.2 to Form 8-K dated October 1, 2020 (File No. 1-10042)
4.6(n)	Global Security for the 1.500% Senior Notes due 2031	Exhibit 4.3 to Form 8-K dated October 1, 2020 (File No. 1-10042)
	Material Contracts	
10.1(a)	Revolving Credit Agreement, dated as of September 25, 2015 among Atmos Energy Corporation, the Lenders from time to time parties thereto, Crédit Agricole Corporate and Investment Bank as Administrative Agent, and Mizuho Bank Ltd., as Syndication Agent	Exhibit 10.1 to Form 8-K dated October 1, 2015 (File No. 1-10042)
10.1(b)	First Amendment to Revolving Credit Agreement, dated as of October 5, 2016, by and among Atmos Energy Corporation, the lenders from time to time parties thereto (the "Lenders") and Credit Agricole Corporate and Investment Bank, in its capacity as administrative agent for the Lenders	Exhibit 10.1 to Form 8-K dated October 11, 2016 (File No. 1-10042)
10.1(c)	Second Amendment to Revolving Credit Agreement, dated as of September 7, 2017, by and among Atmos Energy Corporation, the lenders from time to time parties thereto (the "Lenders") and Credit Agricole Corporate and Investment Bank, in its capacity as administrative agent for the Lenders	Exhibit 10.1(c) to Form 10-K for fiscal year ended September 30, 2018 (File No. 1-10042)
10.2	Term Loan Agreement, dated as of April 9, 2020, among Atmos Energy Corporation, Credit Agricole Corporate and Investment Bank, as the Administrative Agent, Canadian Imperial Bank of Commerce, New York Branch, as Syndication Agent, Credit Agricole Corporate and Investment Bank and Canadian Imperial Bank of Commerce, New York Branch, as Joint Lead Arrangers and Joint-Bookrunners, and the lenders named therein	Exhibit 10.1 to Form 8-K dated April 13, 2020 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
10.3	364-Day Revolving Credit Agreement, dated as of April 23, 2020, among Atmos Energy Corporation, Mizuho Bank, Ltd., as the Administrative Agent, the agents, arrangers and bookrunners named therein, and the lenders named therein	Exhibit 10.1 to Form 8-K dated April 24, 2020 (File No. 1-10042)
10.4(a)	Equity Distribution Agreement, dated as of February 12, 2020, among Atmos Energy Corporation and the Managers and Forward Purchasers named in Schedule A thereto	Exhibit 1.1 to Form 8-K dated February 12, 2020 (File No. 1-10042)
10.4(b)	Form of Master Forward Sale Confirmation	Exhibit 1.2 to Form 8-K dated February 12, 2020 (File No. 1-10042)
	Executive Compensation Plans and Arrangements	
10.5(a)*	Form of Atmos Energy Corporation Change in Control Severance Agreement - Tier I	Exhibit 10.7(a) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.5(b)*	Form of Atmos Energy Corporation Change in Control Severance Agreement - Tier II	Exhibit 10.7(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.6(a)*	Atmos Energy Corporation Executive Retiree Life Plan	Exhibit 10.31 to Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042)
10.6(b)*	Amendment No. 1 to the Atmos Energy Corporation Executive Retiree Life Plan	Exhibit 10.31(a) to Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042)
10.7*	Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated October 1, 2016)	Exhibit 10.5 to Form 10-K for fiscal year ended September 30, 2016 (File No. 1-10042)
10.8(a)*	Atmos Energy Corporation Supplemental Executive Benefits Plan, Amended and Restated in its Entirety August 7, 2007	Exhibit 10.8(a) to Form 10-K for fiscal year ended September 30, 2008 (File No. 1-10042)
10.8(b)*	Form of Individual Trust Agreement for the Supplemental Executive Benefits Plan	Exhibit 10.3 to Form 10-Q for quarter ended December 31, 2000 (File No. 1-10042)
10.9(a)*	Atmos Energy Corporation Supplemental Executive Retirement Plan (As Amended and Restated, Effective as of January 1, 2016)	Exhibit 10.7(a) to Form 10-K for fiscal year ended September 30, 2016 (File No. 1-10042)
10.9(b)*	Atmos Energy Corporation Performance-Based Supplemental Executive Benefits Plan Trust Agreement, Effective Date December 1, 2000	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2000 (File No. 1-10042)
10.10*	Atmos Energy Corporation Account Balance Supplemental Executive Retirement Plan (As Amended and Restated, Effective as of January 1, 2016)	Exhibit 10.8 to Form 10-K for fiscal year ended September 30, 2016 (File No. 1-10042)
10.11(a)*	Mini-Med/Dental Benefit Extension Agreement dated October 1, 1994	Exhibit 10.28(f) to Form 10-K for fiscal year ended September 30, 2001 (File No. 1-10042)
10.11(b)*	Amendment No. 1 to Mini-Med/Dental Benefit Extension Agreement dated August 14, 2001	Exhibit 10.28(g) to Form 10-K for fiscal year ended September 30, 2001 (File No. 1-10042)
10.11(c)*	Amendment No. 2 to Mini-Med/Dental Benefit Extension Agreement dated December 31, 2002	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2002 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
10.12*	Atmos Energy Corporation Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, Amended and Restated as of January 1, 2012	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2011 (File No. 1-10042)
10.13(a)*	Atmos Energy Corporation 1998 Long-Term Incentive Plan (as amended and restated November 6, 2019)	Exhibit 10.11(a) to Form 10-K for fiscal year ended September 30, 2019 (File No. 1-10042)
10.13(b)*	Form of Award Agreement of Time-Lapse Restricted Stock Units under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	
10.13(c)*	Form of Award Agreement of Performance-Based Restricted Stock Units under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	
10.13(d)*	Form of Non-Employee Director Award Agreement of Time-Lapse Restricted Stock Units Under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	Exhibit 10.11(d) to Form 10-K for fiscal year ended September 30, 2019 (File No. 1-10042)
10.13(e)*	Form of Non-Employee Director Award Agreement of Stock Unit Awards Under The Atmos Energy Corporation 1998 Long-Term Incentive Plan	Exhibit 10.11(e) to Form 10-K for fiscal year ended September 30, 2019 (File No. 1-10042)
	Other Exhibits, as indicated	
21	Subsidiaries of the registrant	
23.1	Consent of independent registered public accounting firm, Ernst & Young LLP	
24	Power of Attorney	Signature page of Form 10-K for fiscal year ended September 30, 2020
31	Rule 13a-14(a)/15d-14(a) Certifications	
32	Section 1350 Certifications**	
	Interactive Data File	
101.INS	XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	
101.SCH	Inline XBRL Taxonomy Extension Schema	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document	

* This exhibit constitutes a "management contract or compensatory plan, contract, or arrangement."

** These certifications pursuant to 18 U.S.C. Section 1350 by the Company's Chief Executive Officer and Chief Financial Officer, furnished as Exhibit 32 to this Annual Report on Form 10-K, will not be deemed to be filed with the Securities and Exchange Commission or incorporated by reference into any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates such certifications by reference.

ITEM 16. ***Form 10-K Summary.***

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

By: /s/ CHRISTOPHER T. FORSYTHE
Christopher T. Forsythe
Senior Vice President and Chief Financial Officer

Date: November 13, 2020

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints John K. Akers and Christopher T. Forsythe, or either of them acting alone or together, as his true and lawful attorney-in-fact and agent with full power to act alone, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ KIM R. COCKLIN Kim R. Cocklin	Executive Chairman of the Board	November 13, 2020
/s/ JOHN K. AKERS John K. Akers	President, Chief Executive Officer and Director	November 13, 2020
/s/ CHRISTOPHER T. FORSYTHE Christopher T. Forsythe	Senior Vice President and Chief Financial Officer	November 13, 2020
/s/ RICHARD M. THOMAS Richard M. Thomas	Vice President and Controller (Principal Accounting Officer)	November 13, 2020
/s/ ROBERT W. BEST Robert W. Best	Director	November 13, 2020
/s/ KELLY H. COMPTON Kelly H. Compton	Director	November 13, 2020
/s/ SEAN DONOHUE Sean Donohue	Director	November 13, 2020
/s/ RAFAEL G. GARZA Rafael G. Garza	Director	November 13, 2020
/s/ RICHARD K. GORDON Richard K. Gordon	Director	November 13, 2020
/s/ ROBERT C. GRABLE Robert C. Grable	Director	November 13, 2020
/s/ NANCY K. QUINN Nancy K. Quinn	Director	November 13, 2020
/s/ RICHARD A. SAMPSON Richard A. Sampson	Director	November 13, 2020
/s/ STEPHEN R. SPRINGER Stephen R. Springer	Director	November 13, 2020
/s/ DIANA J. WALTERS Diana J. Walters	Director	November 13, 2020
/s/ RICHARD WARE II Richard Ware II	Director	November 13, 2020
/s/ FRANK YOHO Frank Yoho	Director	November 13, 2020

Schedule II

ATMOS ENERGY CORPORATION

Valuation and Qualifying Accounts
Three Years Ended September 30, 2020

	Balance at beginning of period	Additions: Charged to cost & expenses	Additions: Charged to other accounts	Deductions	Balance at end of period
			(In thousands)		
2020					
Allowance for doubtful accounts	$15,899	$23,837	$—	$ 9,787[1]	$29,949
2019					
Allowance for doubtful accounts	$14,795	$17,633	$—	$16,529[1]	$15,899
2018					
Allowance for doubtful accounts	$10,865	$14,894	$—	$10,964[1]	$14,795

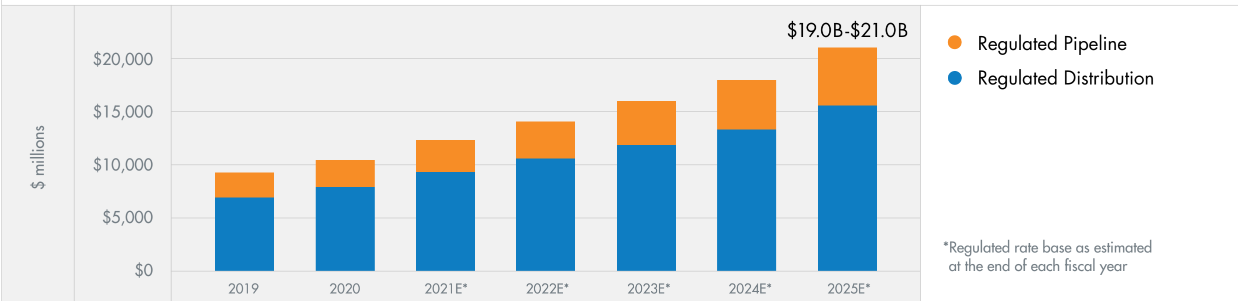
(1) Uncollectible accounts written off.

Forward-Looking Statements

The matters discussed or incorporated by reference in this Annual Report may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this report or any other of the Company's documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. These risks and uncertainties are discussed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

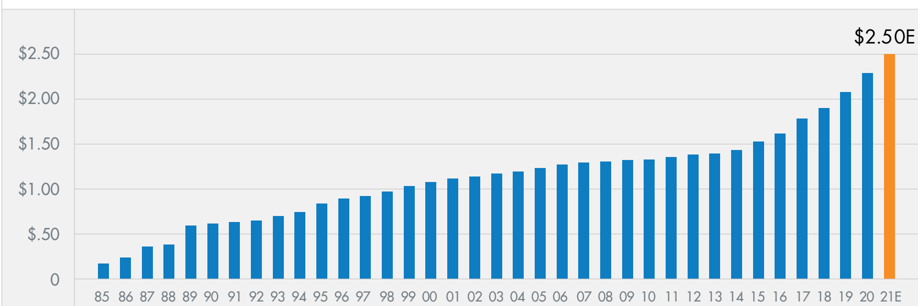
CAPITAL SPENDING DRIVES RATE BASE GROWTH

Strong Regulated Rate Base Growth—Focused on Enhancing System Safety and Reliability



SUSTAINABLE AND GROWING DIVIDEND

37 Consecutive Years of Dividend Increases



The indicated annual dividend increased 8.7% for fiscal 2021

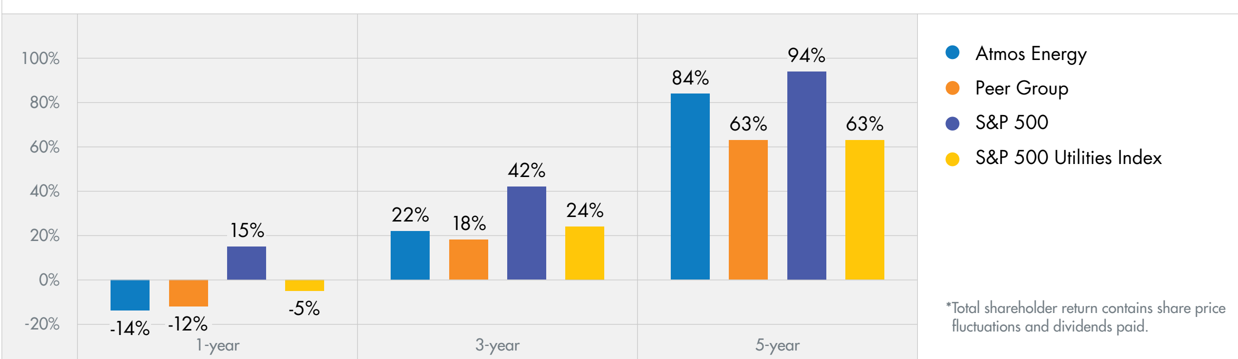
The indicated annual dividend rate for fiscal 2021 is $2.50

Targeted payout ratio of ~50%

Note: Amounts are adjusted for mergers and acquisitions.

STRONG TOTAL RETURNS TO OUR SHAREHOLDERS

We have also continued to deliver strong returns to our shareholders over the long term



Board of Directors

J. Kevin Akers
President and Chief Executive Officer,
Atmos Energy Corporation, Dallas, Texas
Board member since 2019

Robert W. Best
Former Chairman of the Board,
Atmos Energy Corporation, Dallas, Texas
Board member since 1997
Committee: Corporate Responsibility,
Sustainability, & Safety

Kim R. Cocklin
Executive Chairman of the Board,
Atmos Energy Corporation, Dallas, Texas
Board member since 2009

Kelly H. Compton
Executive Director,
The Hoglund Foundation, Dallas, Texas
Board member since 2016
Committees: Audit, Human Resources

Sean Donohue
Chief Executive Officer
Dallas/Fort Worth
International Airport
Dallas, Texas
Board member since 2018
Committees: Corporate Responsibility,
Sustainability, & Safety, Nominating
and Corporate Governance

Rafael G. Garza
President and Founder, RGG
Capital Partners, LLC,
Fort Worth, Texas
Board member since 2016
Committees: Audit, Nominating
and Corporate Governance

Richard K. Gordon
General Partner, Juniper Capital LP
and Juniper Energy LP; Senior Advisor,
Juniper Capital II and
Juniper Capital III, Houston, Texas
Board member since 2001
Lead Director since 2016
Committees: Corporate Responsibility,
Sustainability, & Safety (Chair),
Executive (Chair), Human Resources,
Nominating and Corporate Governance

Robert C. Grable
Founding Partner, Kelly Hart & Hallman LLP
Fort Worth, Texas
Board member since 2009
Committees: Audit, Executive,
Nominating and Corporate
Governance (Chair)

Nancy K. Quinn
Independent Energy Consultant
Key Biscayne, Florida
Board member since 2004
Former Lead Director
Committees: Audit, Executive,
Human Resources (Chair), Corporate
Responsibility, Sustainability, & Safety

Richard A. Sampson
General Partner and Founder,
RS Core Capital, LLC, Denver, Colorado
Board member since 2012
Committees: Audit (Chair),
Executive, Human Resources

Stephen R. Springer
Retired Senior Vice President
and General Manager, Midstream Division,
The Williams Companies, Inc.
Fort Myers Beach, Florida
Board member since 2005
Committee: Corporate Responsibility,
Sustainability, & Safety

Diana J. Walters
Founder and Managing Member,
Amichel, LLC, Magnolia, Texas
Board member since 2018
Committees: Corporate Responsibility,
Sustainability, & Safety, Human Resources

Richard Ware II
Chairman, Amarillo National Bank,
Amarillo, Texas
Board member since 1994
Committees: Audit, Nominating and
Corporate Governance

Frank Yoho
Former Executive Vice President and
President of Natural Gas, Duke Energy
Charlotte, North Carolina
Board member since 2020
Committees: Audit, Corporate Responsibility,
Sustainability, & Safety

Charles K. Vaughan
Honorary Director, Retired Chairman
of the Board and Retired Lead Director,
Atmos Energy Corporation, Dallas, Texas
Board member from 1983 to 2012

Senior Management Team

J. Kevin Akers
President and Chief Executive Officer

Christopher T. Forsythe
Senior Vice President and Chief Financial Officer

Karen E. Hartsfield
Senior Vice President, General
Counsel and Corporate Secretary

David J. Park
Senior Vice President, Utility Operations

J. Matt Robbins
Senior Vice President, Human Resources

Corporate Information

Common Stock Listing
New York Stock Exchange. Trading symbol: ATO

Stock Transfer Agent and Registrar
Broadridge Corporate Issuer Solutions, Inc.
P.O. Box 1342
Brentwood, NY 11717
800-543-3038

To inquire about your Atmos Energy common stock, please call Broadridge at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity, all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to a Broadridge customer service representative, please call the same number between 9 a.m. and 6 pm. Eastern time, Monday through Friday.

You may also find more information at https://shareholder.broadridge.com/ATO.

Independent Registered Public Accounting Firm
Ernst & Young LLP
One Victory Park
Suite 2000
2323 Victory Avenue
Dallas, Texas 75219
214-969-8000

Annual Report
Atmos Energy Corporation's 2020 Annual Report including our Form 10-K is available at no charge from Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling 972-855-3729, Monday through Friday, between 8 a.m. and 5 p.m. Central time. Atmos Energy's 2020 Annual Report also may be viewed on Atmos Energy's website at www.atmosenergy.com.

Annual Meeting of Shareholders
The 2021 Annual Meeting of Shareholders will be on Wednesday, February 3, 2021, at 9:00 a.m. Central time, and will be conducted virtually via webcast. Please see your proxy materials for further information.

Direct Stock Purchase Plan
Atmos Energy has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at 800-543-3038. The Prospectus is also available at www.atmosenergy.com. You may also obtain information by writing to Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by prospectus.

Atmos Energy on the Internet
Information about Atmos Energy is available at www.atmosenergy.com. Our website includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

Atmos Energy Corporation Contacts
To contact Atmos Energy's Investor Relations, call 972-855-3729, Monday through Friday, between 8 a.m. and 5 p.m. Central time or send an email message to InvestorRelations@atmosenergy.com.

Securities analysts and investment managers, please contact:
Dan Meziere
Vice President, Investor Relations and Treasurer
972-855-3729 (voice) 972-855-3040 (fax)
InvestorRelations@atmosenergy.com

Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205
atmosenergy.com

2019

ATMOS ENERGY CORPORATION

STATISTICAL SUMMARY

The purpose of this summary is to provide historical financial and statistical information and current facts about Atmos Energy Corporation (the "Company"). It should be used in conjunction with the Company's 2019 Annual Report on Form 10-K. It is not intended to be used in any way in conjunction with the sale or purchase of any securities of Atmos Energy Corporation or its subsidiaries. The financial and operating data in this summary are presented on a consolidated basis without extensive footnoting and are unaudited. In addition, the data provided in this summary is included for financial reporting purposes and may not be appropriate for rate making purposes.

This Page Intentionally Left Blank

TABLE OF CONTENTS

HIGHLIGHTS

	Year ended September 30			
	2019	2018	2017	2016
Balance Sheet Data at September 30 (In thousands)				
Capital expenditures	$ 1,693,477	$ 1,467,591	$ 1,137,089	$ 1,086,950
Net property, plant and equipment	11,787,669	10,371,147	9,259,182	8,268,606
Working capital	(751,409)	(1,436,278)	(473,797)	(1,106,595)
Total assets	13,367,619	11,874,437	10,749,596	10,010,889
Shareholders' equity	5,750,223	4,769,951	3,898,666	3,463,059
Long-term debt, excluding current maturities	3,529,452	2,493,665	3,067,045	2,188,779
Total capitalization	9,279,675	7,263,616	6,965,711	5,651,838
Income Statement Data (In thousands, except per share data) (1)				
Operating revenues (2)	$ 2,901,848	$ 3,115,546	$ 2,759,735	$ 2,454,648
Contribution margin	2,043,011	1,947,698	1,834,199	1,708,456
Adjusted income from continuing operations (3)	511,406	603,064	396,421	350,104
Income from continuing operations	511,406	603,064	382,711	345,542
Income from discontinued operations, net of tax	—	—	13,710	4,562
Net income	511,406	603,064	396,421	350,104
Adjusted income per share from continuing operations - diluted (3)	4.35	4.00	3.60	3.33
Income per share from continuing operations - diluted	4.35	5.43	3.60	3.33
Income per share from discontinued operations - diluted	—	—	0.13	0.05
Net income per share - diluted	4.35	5.43	3.73	3.38
Common Stock Data				
Shares outstanding (In thousands)				
End of year	119,339	111,274	106,105	103,931
Weighted average diluted shares (3)	117,200	111,012	106,100	103,524
Cash dividends per share	$ 2.10	$ 1.94	$ 1.80	$ 1.68
Shareholders of record as of 10/31	11,806	12,550	13,341	14,108
Customers and Volumes (as metered)				
Consolidated distribution sales volumes (MMcf)	315,476	300,817	246,825	258,650
Consolidated distribution transportation volumes (MMcf)	155,078	150,566	141,540	133,378
Consolidated distribution throughput (MMcf)	470,554	451,383	388,365	392,028
Consolidated pipeline and storage throughput (MMcf)	721,998	663,900	596,179	505,303
Consolidated natural gas marketing delivered gas sales volumes (MMcf)	—	—	78,646	325,537
Meters in service at end of year	3,291,835	3,256,336	3,221,405	3,185,509
Heating degree days	2,669	2,650	2,584	2,622
Degree days as a % of normal	102%	99%	96%	98%
Distribution average purchased gas cost per Mcf sold	$ 4.02	$ 5.19	$ 5.14	$ 4.09
Distribution average transportation fee per Mcf	$ 0.60	$ 0.64	$ 0.58	$ 0.54
Statistics				
Return on average shareholders' equity	9.5%	13.3%	10.5%	10.5%
Number of employees	4,776	4,628	4,565	4,747
Net regulated distribution plant per meter	$ 2,654	$ 2,348	$ 2,126	$ 1,953
Regulated distribution operation and maintenance expense per meter	$ 146	$ 143	$ 128	$ 127
Meters per employee - regulated distribution	709	713	715	696
Times interest earned before income taxes	4.06	4.23	4.68	4.31

(1) In August 2012, we completed the sale of our regulated distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers and in April 2013, we completed the sale of our regulated distribution operations in Georgia, representing approximately 64,000 customers. The results of operations for these four states have been separately reported as discontinued operations for fiscal years 2007 through 2013. These operations were not reported separately for years prior to fiscal 2007.

(2) In fiscal 2014, we retroactively reclassified certain amounts in our nonregulated segment's operating revenues to purchased gas cost to reflect all hedging activity in purchased gas cost for fiscal years 2008 through 2014. These amounts were not reclassified for years prior to fiscal 2008.

2015	2014	2013	2012	2011	2010	2009
$ 963,621	$ 824,441	$ 837,112	$ 724,180	$ 618,210	$ 542,636	$ 509,494
7,416,700	6,725,906	6,030,655	5,475,604	5,147,918	4,793,075	4,439,103
(528,517)	(134,810)	(301,353)	(447,992)	143,355	(290,887)	91,519
9,075,072	8,581,006	7,919,069	7,484,518	7,270,288	6,753,937	6,355,476
3,194,797	3,086,232	2,580,409	2,359,243	2,255,421	2,178,348	2,176,761
2,437,515	2,442,288	2,440,472	1,945,148	2,193,534	1,799,697	2,157,793
5,632,312	5,528,520	5,020,881	4,304,391	4,448,955	3,978,045	4,334,554
$ 2,926,985	$ 3,243,904	$ 2,572,488	$ 2,404,267	$ 4,300,665	$ 4,670,711	$ 4,826,208
1,631,310	1,521,844	1,377,392	1,301,644	1,300,820	1,314,136	1,297,682
305,623	270,331	232,378	194,032	189,588	189,851	175,026
305,623	270,331	232,378	194,032	189,588	189,851	175,026
9,452	19,486	10,816	22,685	18,013	15,988	15,952
315,075	289,817	243,194	216,717	207,601	205,839	190,978
3.00	2.76	2.52	2.12	2.07	2.03	1.90
3.00	2.76	2.52	2.12	2.07	2.03	1.90
0.09	0.20	0.12	0.25	0.20	0.17	0.17
3.09	2.96	2.64	2.37	2.27	2.20	2.07
101,479	100,388	90,640	90,240	90,296	90,164	92,552
101,892	97,608	91,711	91,172	90,652	92,422	91,620
$ 1.56	$ 1.48	$ 1.40	$ 1.38	$ 1.36	$ 1.34	$ 1.32
14,940	15,807	16,662	17,775	18,680	19,738	20,790
307,985	331,934	272,773	255,725	289,927	322,628	282,117
135,972	134,483	124,264	135,258	134,093	131,547	126,768
443,957	466,417	397,037	390,983	424,020	454,175	408,885
528,068	493,360	467,178	466,527	435,012	428,599	528,689
336,792	362,827	343,669	351,628	384,799	353,853	370,569
3,151,666	3,115,419	3,011,980	3,116,589	3,213,191	3,186,040	3,178,844
2,608	2,685	2,729	2,692	2,733	2,780	2,713
98%	102%	103%	97%	99%	102%	100%
$ 5.11	$ 5.88	$ 4.91	$ 4.64	$ 5.30	$ 5.77	$ 6.95
$ 0.49	$ 0.47	$ 0.45	$ 0.43	$ 0.46	$ 0.46	$ 0.46
10.0%	9.9%	9.7%	9.3%	9.1%	9.1%	8.9%
4,753	4,761	4,720	4,759	4,949	4,913	4,891
$ 1,799	$ 1,670	$ 1,567	$ 1,468	$ 1,362	$ 1,243	$ 1,165
$ 123	$ 124	$ 126	$ 118	$ 111	$ 114	$ 116
688	679	662	680	676	676	678
4.19	4.63	4.01	3.27	3.13	3.09	2.82

(3) In fiscal 2018, we implemented the Tax Cuts and Jobs Act of 2017 (the "TCJA") requiring us to remeasure our deferred tax assets and liabilities at our new federal statutory income tax rate as of December 22, 2017. The remeasurement of our net deferred tax liabilities resulted in the recognition of a non-cash income tax benefit of $158.8 million for the fiscal year ended September 30, 2018. Due to the non-recurring nature of this benefit, we believe that an adjusted income from continuing operations and adjusted income per share from continuing operations before the non-cash income tax benefit, both non-GAAP measures, provide a more relevant measure to analyze our financial performance.

CONSOLIDATED BALANCE SHEETS

	September 30 2019	2018	2017	2016
	(In thousands)			
ASSETS				
Property, plant and equipment				
Regulated plant	$ 13,698,661	$ 12,159,295	$ 10,943,063	$ 9,881,378
Nonregulated plant	60,238	58,353	58,847	77,249
Construction in progress	421,694	349,725	299,394	183,879
	14,180,593	12,567,373	11,301,304	10,142,506
Less accumulated depreciation and amortization	2,392,924	2,196,226	2,042,122	1,873,900
Net property, plant and equipment	11,787,669	10,371,147	9,259,182	8,268,606
Current assets				
Cash and cash equivalents	24,550	13,771	26,409	47,534
Accounts receivable, net	230,571	253,295	222,263	215,880
Materials and supplies	5,916	8,106	4,472	5,825
Gas stored underground	130,138	165,732	184,653	179,070
Assets from risk management activities	1,586	1,369	2,436	3,029
Deferred gas cost	23,766	1,927	65,714	45,184
Taxes receivable	—	—	—	5,456
Other current assets	41,504	34,653	33,699	179,708
Total current assets	458,031	478,853	539,646	681,686
Goodwill	730,706	730,419	730,132	726,962
Noncurrent assets from risk management activities	225	250	803	1,822
Deferred charges and other assets	390,988	293,768	219,833	331,813
	$ 13,367,619	$ 11,874,437	$ 10,749,596	$ 10,010,889
CAPITALIZATION AND LIABILITIES				
Shareholders' equity				
Common stock	$ 597	$ 556	$ 531	$ 520
Additional paid-in capital	3,712,194	2,974,926	2,536,365	2,388,027
Retained earnings	2,152,015	1,878,116	1,467,024	1,262,534
Accumulated other comprehensive income (loss)	(114,583)	(83,647)	(105,254)	(188,022)
Shareholders' equity	5,750,223	4,769,951	3,898,666	3,463,059
Long-term debt	3,529,452	2,493,665	3,067,045	2,188,779
Total capitalization	9,279,675	7,263,616	6,965,711	5,651,838
Current liabilities				
Current maturities of long-term debt	—	575,000	—	250,000
Short-term debt	464,915	575,780	447,745	829,811
Accounts payable and accrued liabilities	265,024	217,283	233,050	196,485
Taxes payable	135,597	123,457	116,291	104,145
Customer credit balances and deposits	54,617	52,648	54,627	81,219
Liabilities from risk management activities	4,552	56,734	322	56,771
Deferred gas cost	14,112	94,705	15,559	20,180
Other current liabilities	270,623	219,524	145,849	249,670
Total current liabilities	1,209,440	1,915,131	1,013,443	1,788,281
Deferred income taxes	1,300,015	1,154,067	1,878,699	1,603,056
Regulatory excess deferred taxes (1)	705,101	739,670	—	—
Noncurrent liabilities from risk management activities	1,249	103	112,076	184,048
Regulatory cost of removal obligation	473,172	466,405	485,420	424,281
Pension and postretirement liabilities	279,083	177,520	230,588	297,743
Deferred credits and other liabilities	119,884	157,925	63,659	61,642
	$ 13,367,619	$ 11,874,437	$ 10,749,596	$ 10,010,889

(1) In fiscal 2018, we implemented the Tax Cuts and Jobs Act of 2017 (the "TCJA") requiring us to remeasure our deferred tax assets and liabilities at our new federal statutory income tax rate as of December 22, 2017. This excess deferred taxes relates to regulated operations and has been recorded as a regulatory liability, a portion of which is currently being returned to utility customers in accordance with issued regulatory orders and the Internal Revenue Code. We have and continue to work with our regulators in each jurisdiction to determine the amortization of the excess deferred taxes regulatory liability and as of September 30, 2019 the total liability was noted as $726.3 mIllion with $21.2 million being recorded as current liability.

2015	2014	2013	2012	2011	2010	2009
$ 8,856,545	$ 8,094,561	$ 7,340,499	$ 6,752,780	$ 6,516,228	$ 6,284,773	$ 5,881,826
74,709	105,560	105,773	107,578	91,324	99,623	99,594
280,421	247,579	275,747	274,112	209,242	157,922	105,198
9,211,675	8,447,700	7,722,019	7,134,470	6,816,794	6,542,318	6,086,618
1,794,975	1,721,794	1,691,364	1,658,866	1,668,876	1,749,243	1,647,515
7,416,700	6,725,906	6,030,655	5,475,604	5,147,918	4,793,075	4,439,103
28,653	42,258	66,199	64,239	131,419	131,952	111,203
213,333	343,400	301,992	234,526	273,303	273,207	232,806
12,587	5,704	5,511	5,872	4,113	3,940	3,349
195,336	278,917	244,741	256,415	289,760	319,038	352,728
378	45,827	11,966	24,707	18,344	20,575	31,643
9,715	20,069	15,152	31,359	33,976	22,701	22,233
4,479	5,481	3,141	1,291	9,215	19,382	15,115
161,825	34,184	28,431	209,553	250,823	84,397	59,863
626,306	775,840	677,133	827,962	1,010,953	875,192	828,940
726,257	742,029	741,363	740,683	740,000	739,314	738,603
368	13,038	109,354	2,283	998	937	14,035
305,441	324,193	360,564	437,986	370,419	345,419	334,795
$ 9,075,072	$ 8,581,006	$ 7,919,069	$ 7,484,518	$ 7,270,288	$ 6,753,937	$ 6,355,476
$ 507	$ 502	$ 453	$ 451	$ 451	$ 451	$ 463
2,230,591	2,180,151	1,765,811	1,745,467	1,732,935	1,714,364	1,791,129
1,073,029	917,972	775,267	660,932	570,495	486,905	405,353
(109,330)	(12,393)	38,878	(47,607)	(48,460)	(23,372)	(20,184)
3,194,797	3,086,232	2,580,409	2,359,243	2,255,421	2,178,348	2,176,761
2,437,515	2,442,288	2,440,472	1,945,148	2,193,534	1,799,697	2,157,793
5,632,312	5,528,520	5,020,881	4,304,391	4,448,955	3,978,045	4,334,554
—	—	—	131	2,434	360,131	131
457,927	196,695	367,984	570,929	206,396	126,100	72,550
174,646	308,086	241,611	215,229	291,205	266,208	207,421
92,912	77,601	66,960	64,319	57,853	56,616	49,821
99,043	82,085	76,313	100,926	106,743	114,215	117,824
9,568	1,730	1,543	85,381	15,453	49,673	21,482
28,100	35,063	16,481	23,072	8,130	43,333	110,754
292,627	209,390	207,594	215,967	179,384	149,803	157,438
1,154,823	910,650	978,486	1,275,954	867,598	1,166,079	737,421
1,411,315	1,286,616	1,164,053	1,015,083	960,093	829,128	570,940
—	—	—	—	—	—	—
110,539	20,126	—	9,206	78,089	8,924	—
427,553	445,387	359,299	381,164	428,947	350,521	344,403
287,373	340,963	358,787	457,196	438,936	375,133	315,020
51,157	48,744	37,563	41,524	47,670	46,107	53,138
$ 9,075,072	$ 8,581,006	$ 7,919,069	$ 7,484,518	$ 7,270,288	$ 6,753,937	$ 6,355,476

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30			
	2019	2018	2017	2016
	(In thousands, except per share data)			
Operating revenues				
Distribution segment	$ 2,745,461	$ 3,003,047	$ 2,649,175	$ 2,339,778
Pipeline and storage segment	567,024	507,713	457,030	427,196
Natural gas marketing segment [1]	—	—	—	—
Intersegment eliminations	(410,637)	(395,214)	(346,470)	(312,326)
Total operating revenues	2,901,848	3,115,546	2,759,735	2,454,648
Purchased gas cost				
Distribution segment	1,268,591	1,559,836	1,269,456	1,058,576
Pipeline and storage segment	(360)	1,978	2,506	(58)
Natural gas marketing segment [1]	—	—	—	—
Intersegment eliminations	(409,394)	(393,966)	(346,426)	(312,326)
Total purchased gas cost	858,837	1,167,848	925,536	746,192
Contribution margin	2,043,011	1,947,698	1,834,199	1,708,456
Operating expenses				
Operation	577,853	524,725	519,391	521,149
Maintenance	52,455	70,070	19,325	17,443
Depreciation and amortization	391,456	361,083	319,448	290,791
Asset impairments	—	—	—	—
Taxes, other than income	275,189	263,886	240,407	221,843
Total operating expenses	1,296,953	1,219,764	1,098,571	1,051,226
Operating income	746,058	727,934	735,628	657,230
Other income (expense)				
Interest income	4,160	1,450	1,158	709
Miscellaneous income (expense)	3,244	(11,594)	(12,510)	(943)
Total other income (expense)	7,404	(10,144)	(11,352)	(234)
Interest charges	103,153	106,646	120,182	114,812
Income tax expense	138,903	166,862	221,383	196,642
Non-cash income tax benefit [2]	—	158,782	—	—
Income from continuing operations	511,406	603,064	382,711	345,542
Discontinued operations, net [1]	—	—	10,994	4,562
Gain on sale of discontinued operations, net [1]	—	—	2,716	—
Net income	$ 511,406	$ 603,064	$ 396,421	$ 350,104
Diluted earnings per share				
Income per share from continuing operations	$ 4.35	$ 5.43	$ 3.60	$ 3.33
Income per share from discontinued operations	—	—	0.13	0.05
Net income per share - diluted	$ 4.35	$ 5.43	$ 3.73	$ 3.38
Weighted average shares outstanding - diluted	117,200	111,012	106,100	103,524
Cash dividends per share	$ 2.10	$ 1.94	$ 1.80	$ 1.68

Non-GAAP reconciliation				
Income from continuing operations	$ 511,406	$ 603,064	$ 382,711	$ 345,542
Non-cash income tax benefit	$ —	$ 158,782	$ —	$ —
Adjusted income from continuing operations	$ —	$ 444,282	$ 382,711	$ 345,542
Income per share from continuing operations	$ 4.35	$ 5.43	$ 3.60	$ 3.33
Diluted EPS from non-cash income tax benefit	$ —	$ 1.43	$ —	$ —
Adjusted diluted EPS from continuing operations	$ 4.35	$ 4.00	$ 3.60	$ 3.33

(1) We completed the sale of our natural gas marketing operations in January 2017. The results of operations for our natural gas marketing reportable segment have been separately reported as discontinued operations for fiscal years 2012 through 2017. These operations were not reported separately for years prior to fiscal 2012.

2015	2014	2013	2012	2011	2010	2009
$ 2,821,362	$ 3,139,221	$ 2,458,465	$ 2,299,013	$ 2,470,664	$ 2,783,863	$ 2,808,933
384,957	337,540	299,932	265,796	219,373	203,013	209,658
—	—	—	—	2,039,123	2,156,309	2,316,948
(279,334)	(232,857)	(185,909)	(160,542)	(428,495)	(472,474)	(509,331)
2,926,985	3,243,904	2,572,488	2,404,267	4,300,665	4,670,711	4,826,208
1,574,447	1,952,869	1,368,512	1,261,234	1,452,721	1,785,221	1,833,325
562	2,048	12,493	1,931	—	—	—
—	—	—	—	1,974,123	2,042,218	2,202,840
(279,334)	(232,857)	(185,909)	(160,542)	(426,999)	(470,864)	(507,639)
1,295,675	1,722,060	1,195,096	1,102,623	2,999,845	3,356,575	3,528,526
1,631,310	1,521,844	1,377,392	1,301,644	1,300,820	1,314,136	1,297,682
498,424	467,277	438,796	409,107	417,784	426,759	447,117
17,982	15,199	19,453	24,505	25,181	27,862	32,125
272,408	251,672	232,845	235,853	223,832	208,539	209,143
—	—	—	5,288	30,270	—	5,382
230,264	210,474	185,853	179,619	177,767	187,143	179,171
1,019,078	944,622	876,947	854,372	874,834	850,303	872,938
612,232	577,222	500,445	447,272	425,986	463,833	424,744
682	1,002	592	364	676	970	1,427
(1,501)	(4,005)	2,663	(15,076)	20,508	(1,561)	(4,795)
(819)	(3,003)	3,255	(14,712)	21,184	(591)	(3,368)
116,241	129,276	128,091	139,356	150,763	154,188	152,740
189,549	174,612	143,231	99,172	106,819	119,203	93,610
305,623	270,331	232,378	194,032	189,588	189,851	175,026
9,452	19,486	5,522	16,336	18,013	15,988	15,952
—	—	5,294	6,349	—	—	—
$ 315,075	$ 289,817	$ 243,194	$ 216,717	$ 207,601	$ 205,839	$ 190,978
$ 3.00	$ 2.76	$ 2.52	$ 2.12	$ 2.07	$ 2.03	$ 1.90
0.09	0.20	0.12	0.25	0.20	0.17	0.17
$ 3.09	$ 2.96	$ 2.64	$ 2.37	$ 2.27	$ 2.20	$ 2.07
101,892	97,608	91,711	91,172	90,652	92,422	91,620
$ 1.56	$ 1.48	$ 1.40	$ 1.38	$ 1.36	$ 1.34	$ 1.32
$ 305,623	$ 270,331	$ 232,378	$ 194,032	$ 189,588	$ 189,851	$ 175,026
$ —	$ —	$ —	$ —	$ —	$ —	$ —
$ 305,623	$ 270,331	$ 232,378	$ 194,032	$ 189,588	$ 189,851	$ 175,026
$ 3.00	$ 2.76	$ 2.52	$ 2.12	$ 2.07	$ 2.03	$ 1.90
$ —	$ —	$ —	$ —	$ —	$ —	$ —
$ 3.00	$ 2.76	$ 2.52	$ 2.12	$ 2.07	$ 2.03	$ 1.90

(2) In fiscal 2018, we implemented the Tax Cuts and Jobs Act of 2017 (the "TCJA") requiring us to remeasure our deferred tax assets and liabilities at our new federal statutory income tax rate as of December 22, 2017. The remeasurement of our net deferred tax liabilities resulted in the recognition of a non-cash income tax benefit of $158.8 million for the fiscal year ended September 30, 2018. Due to the non-recurring nature of this benefit, we believe that an adjusted income from continuing operations and adjusted income per share from continuing operations before the non-cash income tax benefit, both non-GAAP measures, provide a more relevant measure to analyze our financial performance.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2008	90,814,683	$ 454	$ 1,744,384	$ (35,947)	$ 343,601	$ 2,052,492
Comprehensive income:						
Net income	—	—	—	—	190,978	190,978
Unrealized holding losses on investments, net	—	—	—	(1,820)	—	(1,820)
Other than temporary impairment of investments, net	—	—	—	3,370,000	—	3,370,000
Interest rate agreements, net	—	—	—	3,606	—	3,606
Cash flow hedges, net	—	—	—	10,607	—	10,607
Total comprehensive income						206,741
Changes in measurement date for employee benefit plans	—	—	—	—	(7,766)	(7,766)
Cash dividends	—	—	—	—	(121,460)	(121,460)
Common stock issued						
Direct stock purchase plan	407,262	2	8,743	—	—	8,745
Retirement savings plan	640,639	3	16,571	—	—	16,574
Long-term incentive plan	686,046	4	8,075	—	—	8,079
Employee stock-based compensation	—	—	13,280	—	—	13,280
Outside directors stock-for-fee plan	3,079	—	76	—	—	76
Balance, September 30, 2009	92,551,709	463	1,791,129	(20,184)	405,353	2,176,761
Comprehensive income:						
Net income	—	—	—	—	205,839	205,839
Unrealized holding gains on investments, net	—	—	—	1,745	—	1,745
Interest rate agreements, net	—	—	—	2,030	—	2,030
Cash flow hedges, net	—	—	—	(6,963)	—	(6,963)
Total comprehensive income						202,651
Repurchase of common stock	(2,958,580)	(15,000)	(100,435,000)	—	—	(100,450,000)
Repurchase of equity awards	(37,365)	—	(1,191,000)	—	—	(1,191,000)
Cash dividends	—	—	—	—	(124,287)	(124,287)
Common stock issued						
Direct stock purchase plan	103,529	1	2,881	—	—	2,882
Retirement savings plan	79,722	—	2,281	—	—	2,281
Long-term incentive plan	421,706	2	8,708	—	—	8,710
Employee stock-based compensation	—	—	10,894	—	—	10,894
Outside directors stock-for-fee plan	3,382	—	97	—	—	97
Balance, September 30, 2010	90,164,103	451	1,714,364	(23,372)	486,905	2,178,348
Comprehensive income:						
Net income	—	—	—	—	207,601	207,601
Unrealized holding losses on investments, net	—	—	—	(1,647)	—	(1,647)
Interest rate agreements, net	—	—	—	(28,689)	—	(28,689)
Cash flow hedges, net	—	—	—	5,248	—	5,248
Total comprehensive income						182,513
Repurchase of common stock	(375,468)	(2)	—	—	—	—
Repurchase of equity awards	(169,793)	(1)	(5,298)	—	—	(5,299)
Cash dividends	—	—	—	—	(124,011)	(124,011)
Common stock issued						
Direct stock purchase plan	—	—	—	—	—	(54)
Long-term incentive plan	675,255	3	13,886	—	—	13,889
Employee stock-based compensation	—	—	9,958	—	—	9,958
Outside directors stock-for-fee plan	2,385	—	—	—	—	77
Balance, September 30, 2011	90,296,482	$ 451	$ 1,732,935	$ (48,460)	$ 570,495	$ 2,255,421

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2011	90,296,482	$ 451	$ 1,732,935	$ (48,460)	$ 570,495	$ 2,255,421
Comprehensive income:						
Net income	—	—	—	—	216,717	216,717
Unrealized holding gains on investments, net	—	—	—	3,103	—	3,103
Interest rate agreements, net	—	—	—	(10,116)	—	(10,116)
Cash flow hedges, net	—	—	—	7,866	—	7,866
Total comprehensive income						217,570
Repurchase of common stock	(387,991)	(2)	(12,533)	—	—	(12,535)
Repurchase of equity awards	(153,255)	—	(5,219)	—	—	(5,219)
Cash dividends	—	—	—	—	(125,796)	(125,796)
Common stock issued						
Direct stock purchase plan	—	—	(65)	—	—	(65)
Long-term incentive plan	482,289	2	12,519	—	(484)	12,037
Employee stock-based compensation	—	—	17,752	—	—	17,752
Outside directors stock-for-fee plan	2,375	—	78	—	—	78
Balance, September 30, 2012	90,239,900	451	1,745,467	(47,607)	660,932	2,359,243
Comprehensive income:						
Net income	—	—	—	—	243,194	243,194
Unrealized holding losses on investments, net	—	—	—	(213)	—	(213)
Interest rate agreements, net	—	—	—	82,179	—	82,179
Cash flow hedges, net	—	—	—	4,519	—	4,519
Total comprehensive income						329,679
Repurchase of equity awards	(133,449)	—	(5,150)	—	—	(5,150)
Cash dividends	—	—	—	—	(128,115)	(128,115)
Common stock issued						
Direct stock purchase plan	—	—	(50)	—	—	(50)
Long-term incentive plan	531,672	2	9,530	—	(744)	8,788
Employee stock-based compensation	—	—	15,934	—	—	15,934
Outside directors stock-for-fee plan	2,088	—	80	—	—	80
Balance, September 30, 2013	90,640,211	453	1,765,811	38,878	775,267	2,580,409
Comprehensive income:						
Net income	—	—	—	—	289,817	289,817
Unrealized holding gains on investments, net	—	—	—	2,214	—	2,214
Interest rate agreements, net	—	—	—	(56,287)	—	(56,287)
Cash flow hedges, net	—	—	—	2,802	—	2,802
Total comprehensive income						238,546
Repurchase of equity awards	(190,134)	(1)	(8,716)	—	—	(8,717)
Cash dividends	—	—	—	—	(146,248)	(146,248)
Common stock issued						
Public offering	9,200,000	46	390,159	—	—	390,205
Direct stock purchase plan	83,150	1	4,066	—	—	4,067
Long-term incentive plan	653,130	3	5,214	—	(864)	4,353
Employee stock-based compensation	—	—	23,536	—	—	23,536
Outside directors stock-for-fee plan	1,735	—	81	—	—	81
Balance, September 30, 2014	100,388,092	$ 502	$ 2,180,151	$ (12,393)	$ 917,972	$ 3,086,232

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2014	100,388,092	$ 502	$ 2,180,151	$ (12,393)	$ 917,972	$ 3,086,232
Comprehensive income:						
Net income	—	—	—	—	315,075	315,075
Unrealized holding losses on investments, net	—	—	—	(2,713)	—	(2,713)
Interest rate agreements, net	—	—	—	(70,461)	—	(70,461)
Cash flow hedges, net	—	—	—	(23,763)	—	(23,763)
Total comprehensive income						218,138
Repurchase of equity awards	(148,464)	(1)	(7,984)	—	—	(7,985)
Cash dividends	—		—	—	(160,018)	(160,018)
Common stock issued						
Direct stock purchase plan	176,391	1	10,625	—	—	10,626
Retirement savings plan	398,047	2	20,324	—	—	20,326
Long-term incentive plan	664,752	3	2,263	—	—	2,266
Employee stock-based compensation	—	—	25,212	—	—	25,212
Outside directors stock-for-fee plan						
Balance, September 30, 2015	101,478,818	507	2,230,591	(109,330)	1,073,029	3,194,797
Comprehensive income:						
Net income	—	—	—	—	350,104	350,104
Unrealized holding losses on investments, net	—	—	—	(465)	—	(465)
Interest rate agreements, net	—	—	—	(98,682)	—	(98,682)
Cash flow hedges, net	—	—	—	20,455	—	20,455
Total comprehensive income						271,412
Cash dividends	—	—	—	—	(175,126)	(175,126)
Cumulative effect of accounting change	—	—	—	—	14,527	14,527
Common stock issued						
Public offering	1,360,756	7	98,567	—	—	98,574
Direct stock purchase plan	133,133	1	9,228	—	—	9,229
Retirement savings plan	359,414	2	25,047	—	—	25,049
Long-term incentive plan	598,439	3	3,175	—	—	3,178
Employee stock-based compensation	—	—	21,419	—	—	21,419
Balance, September 30, 2016	103,930,560	520	2,388,027	(188,022)	1,262,534	3,463,059
Comprehensive income:						
Net income	—	—	—	—	396,421	396,421
Unrealized holding gains on investments, net	—	—	—	2,564	—	2,564
Interest rate agreements, net	—	—	—	75,222	—	75,222
Cash flow hedges, net	—	—	—	4,982	—	4,982
Total comprehensive income						479,189
Cash dividends	—	—	—	—	(191,931)	(191,931)
Common stock issued						
Public offering	1,303,494	6	98,749	—	—	98,755
Direct stock purchase plan	112,592	1	8,970	—	—	8,971
Retirement savings plan	228,326	1	17,551	—	—	17,552
Long-term incentive plan	529,662	3	3,698	—	—	3,701
Employee stock-based compensation	—	—	19,370	—	—	19,370
Balance, September 30, 2017	106,104,634	$ 531	$ 2,536,365	$ (105,254)	$ 1,467,024	$ 3,898,666

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2017	106,104,634	$ 531	$ 2,536,365	$ (105,254)	$ 1,467,024	$ 3,898,666
Comprehensive income:						
Net income	—	—	—	—	603,064	603,064
Unrealized holding losses on investments, net	—	—	—	(395)	—	(395)
Interest rate agreements, net	—	—	—	44,936	—	44,936
Cash flow hedges, net	—	—	—	—	—	—
Total comprehensive income						647,605
Cash dividends	—	—	—	—	(214,906)	(214,906)
Cumulative effect of accounting change	—	—	—	(22,934)	22,934	—
Common stock issued						
Public offering	4,558,404	22	395,070	—	—	395,092,000
Direct stock purchase plan	131,213	1	11,322	—	—	11,323
Retirement savings plan	94,081	—	8,240	—	—	8,240
Long-term incentive plan	385,351	2	3,469	—	—	3,471
Employee stock-based compensation	—	—	20,460	—	—	20,460
Balance, September 30, 2018	111,273,683	556	2,974,926	(83,647)	1,878,116	4,769,951
Comprehensive income:						
Net income	—	—	—	—	511,406	511,406
Unrealized holding gains on investments, net	—	—	—	218	—	218
Interest rate agreements, net	—	—	—	(22,944)	—	(22,944)
Cash flow hedges, net	—	—	—	—	—	—
Total comprehensive income						488,680
Cash dividends	—	—	—	—	(245,717)	(245,717)
Cumulative effect of accounting change	—	—	—	(8,210)	8,210	—
Common stock issued						
Public offering	7,574,111	38	694,065	—	—	694,103
Direct stock purchase plan	110,063	1	11,070	—	—	11,071
Retirement savings plan	81,456	—	8,252	—	—	8,252
Long-term incentive plan	299,612	2	2,946	—	—	2,948
Employee stock-based compensation	—	—	20,935	—	—	20,935
Balance, September 30, 2019	119,338,925	$ 597	$ 3,712,194	$ (114,583)	$ 2,152,015	$ 5,750,223

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30			
	2019	2018	2017	2016
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 511,406	$ 603,064	$ 396,421	$ 350,104
Adjustments to reconcile net income to net cash provided by operating activities:				
Asset impairments	—	—	—	—
Gain on sale of discontinued operations	—	—	(12,931)	—
One-time income tax benefit	—	(158,782)	—	—
Depreciation and amortization:	391,456	361,083	319,633	293,096
Deferred income taxes	132,004	158,271	227,183	193,556
Other	10,589	26,165	10,051	21,446
Net assets/liabilities from risk management activities	(1,108)	688	25,592	18,317
	1,044,347	990,489	965,949	876,519
Changes in assets and liabilities net of effect of acquisitions				
(Increase) decrease in cash held on deposit in margin account	—	—	—	—
(Increase) decrease in accounts receivable	18,724	(29,208)	(58,696)	(4,847)
(Increase) decrease in gas stored underground	35,594	18,921	(35,126)	20,577
(Increase) decrease in deferred gas cost	(96,053)	143,882	(22,691)	(57,058)
(Increase) decrease in other current assets	(4,534)	(4,430)	1,967	1,059
(Increase) decrease in deferred charges and other assets	(58,428)	(10,602)	103,078	(23,406)
Increase (decrease) in accounts payable and accrued liabilities	9,908	(11,857)	53,017	(5,195)
Increase (decrease) in taxes payable	14,915	7,166	11,834	10,783
Increase (decrease) in customer deposits	(281)	(2,468)	(22,412)	(13,989)
Increase (decrease) in other current liabilities	(42,253)	(9,051)	(63,774)	(23,788)
Increase (decrease) in deferred credits and other liabilities	46,830	31,820	(66,056)	14,335
Net cash provided by operating activities	968,769	1,124,662	867,090	794,990
CASH FLOWS USED IN INVESTING ACTIVITIES				
Capital expenditures	(1,693,477)	(1,467,591)	(1,137,089)	(1,086,950)
Available-for-sale securities activities, net	(2,784)	(8,325)	(12,473)	758
Acquisition	—	—	(86,128)	—
Proceeds from sale of discontinued operations	4,000	3,000	140,253	—
Other, net	8,601	9,350	39,131	6,460
Net cash used in investing activities	(1,683,660)	(1,463,566)	(1,056,306)	(1,079,732)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase (decrease) in short-term debt	(110,865)	128,035	(382,066)	371,884
Net proceeds from issuance of long-term debt	1,045,221	—	884,911	—
Settlement of interest rate agreements	(90,141)	—	(36,996)	—
Unwinding of Treasury lock agreements	—	—	—	—
Repayment of long-term debt	(575,000)	—	(250,000)	—
Cash dividends paid	(245,717)	(214,906)	(191,931)	(175,126)
Interest rate agreements cash collateral	—	—	25,670	(25,670)
Repurchase of common stock	—	—	—	—
Repurchase of equity awards	—	—	—	—
Issuance of common stock	19,323	19,563	26,523	34,278
Net proceeds from equity offering	694,103	395,092	98,755	98,574
Other	(11,254)	(1,518)	(6,775)	(317)
Net cash provided (used) by financing activities	725,670	326,266	168,091	303,623
Net increase (decrease) in cash and cash equivalents	10,779	(12,638)	(21,125)	18,881
Cash and cash equivalents at beginning of year	13,771	26,409	47,534	28,653
Cash and cash equivalents at end of year	$ 24,550	$ 13,771	$ 26,409	$ 47,534

2015	2014	2013	2012	2011	2010	2009
$ 315,075	$ 289,817	$ 243,194	$ 216,717	$ 207,601	$ 205,839	$ 190,978
—	—	—	5,288	30,270	—	5,382
—	—	(8,203)	(9,868)	—	—	—
—	—	—	—	—	—	—
274,796	253,987	236,928	246,093	233,155	216,960	217,208
192,886	189,952	141,336	104,319	117,353	196,731	129,759
22,261	24,671	16,165	18,682	15,536	23,491	23,775
(16,003)	(10,183)	(10,089)	12,507	(20,806)	(6,110)	81,364
789,015	748,244	619,331	593,738	583,109	636,911	648,466
—	—	—	—	—	—	—
48,240	(41,408)	(73,669)	32,578	(96)	(40,401)	244,713
33,234	(31,996)	31,979	28,417	27,737	54,014	194,287
11,855	16,159	20,441	(3,924)	(85,661)	(31,692)	16,879
(7,156)	(9,915)	(2,068)	10,448	3,364	755	1,906
51,552	27,463	114,990	(44,750)	(42,749)	1,788	(97,669)
(59,112)	60,465	26,787	(74,626)	26,914	58,069	(181,978)
16,073	10,641	2,641	8,592	1,237	6,795	(3,015)
14,740	5,437	(4,688)	(801)	(8,856)	(6,233)	(5,331)
(30,792)	(32,434)	(37,716)	(585)	16,756	(8,872)	11,286
(55,735)	(19,843)	(93,585)	22,780	70,053	55,342	89,689
811,914	732,813	604,443	571,867	591,808	726,476	919,233
(963,621)	(824,441)	(837,112)	(724,180)	(618,210)	(542,636)	(509,494)
1,597	(2,647)	(8,089)	(6,993)	(13,267)	—	—
—	—	—	—	—	—	—
—	—	153,023	128,223	—	—	—
5,422	2,109	(1,177)	(1,652)	(1,863)	(66)	(7,707)
(956,602)	(824,979)	(693,355)	(604,602)	(633,340)	(542,702)	(517,201)
261,232	(171,289)	(202,945)	364,533	80,296	54,268	(283,981)
499,060	—	499,060	—	398,712	—	449,158
13,364	—	(66,626)	—	20,079	—	1,938
—	—	—	—	27,803	—	—
(500,000)	—	(131)	(257,034)	(360,131)	(131)	(407,353)
(160,018)	(146,248)	(128,115)	(125,796)	(124,011)	(124,287)	(121,460)
—	—	—	—	—	—	—
—	—	—	(12,535)	—	(100,450)	—
(7,985)	(8,717)	(5,150)	(5,219)	(5,299)	(1,191)	—
30,952	4,274	46	1,606	7,796	8,766	27,687
—	390,205	—	—	—	—	—
(5,522)	—	(5,267)	—	(4,246)	—	(3,535)
131,083	68,225	90,872	(34,445)	40,999	(163,025)	(337,546)
(13,605)	(23,941)	1,960	(67,180)	(533)	20,749	64,486
42,258	66,199	64,239	131,419	131,952	111,203	46,717
$ 28,653	$ 42,258	$ 66,199	$ 64,239	$ 131,419	$ 131,952	$ 111,203

PROPERTY, PLANT AND EQUIPMENT

Year ended	Balance at beginning of period	Additions at cost [1]	Retirements or sales	Other [2]	Balance at end of period
			(In thousands)		
Regulated plant	$ 5,553,922	$ 429,687	$ (99,415)	$ (2,368)	$ 5,881,826
Nonregulated plant	96,174	7,121	(68)	(3,633)	99,594
Construction in progress	80,060	45,063	—	(19,925)	105,198
September 30, 2009	$ 5,730,156	$ 481,871	$ (99,483)	$ (25,926)	$ 6,086,618
Regulated plant	$ 5,881,826	$ 469,295	$ (65,782)	$ (566)	$ 6,284,773
Nonregulated plant	99,594	1,981	(855)	(1,097)	99,623
Construction in progress	105,198	32,799	—	19,925	157,922
September 30, 2010	$ 6,086,618	$ 504,075	$ (66,637)	$ 18,262	$ 6,542,318
Regulated plant	$ 6,284,773	$ 508,423	$ (94,337)	$ (182,631)	$ 6,516,228
Nonregulated plant	99,623	1,166	—	(9,465)	91,324
Construction in progress	157,922	51,983	—	(663)	209,242
September 30, 2011	$ 6,542,318	$ 561,572	$ (94,337)	$ (192,759)	$ 6,816,794
Regulated plant	$ 6,516,228	$ 591,330	$ (166,041)	$ (188,737)	$ 6,752,780
Nonregulated plant	91,324	18,916	(3)	(2,659)	107,578
Construction in progress	209,242	66,394	—	(1,524)	274,112
September 30, 2012	$ 6,816,794	$ 676,640	$ (166,044)	$ (192,920)	$ 7,134,470
Regulated plant	$ 6,752,780	$ 806,563	$ (217,916)	$ (928)	$ 7,340,499
Nonregulated plant	107,578	1,746	(3,551)	—	105,773
Construction in progress	274,112	(551)	—	2,186	275,747
September 30, 2013	$ 7,134,470	$ 807,758	$ (221,467)	$ 1,258	$ 7,722,019
Regulated plant	$ 7,340,499	$ 865,010	$ (119,943)	$ 8,995	$ 8,094,561
Nonregulated plant	105,773	359	(822)	250	105,560
Construction in progress	275,747	(28,168)	—	—	247,579
September 30, 2014	$ 7,722,019	$ 837,201	$ (120,765)	$ 9,245	$ 8,447,700
Regulated plant	$ 8,094,561	$ 915,803	$ (153,206)	$ (613)	$ 8,856,545
Nonregulated plant	105,560	3,128	(4,778)	(29,201)	74,709
Construction in progress	247,579	32,819	—	23	280,421
September 30, 2015	$ 8,447,700	$ 951,750	$ (157,984)	$ (29,791)	$ 9,211,675
Regulated plant	$ 8,856,545	$ 1,206,182	$ (184,595)	$ 3,246	$ 9,881,378
Nonregulated plant	74,709	2,285	(435)	690	77,249
Construction in progress	280,421	(96,336)	—	(206)	183,879
September 30, 2016	$ 9,211,675	$ 1,112,131	$ (185,030)	$ 3,730	$ 10,142,506
Regulated plant	$ 9,881,378	$ 1,168,033	$ (133,938)	$ 27,590	$ 10,943,063
Nonregulated plant	77,249	1,621	(944)	(19,079)	58,847
Construction in progress	183,879	115,332	—	183	299,394
September 30, 2017	$ 10,142,506	$ 1,284,986	$ (134,882)	$ 8,694	$ 11,301,304
Regulated plant	$ 10,943,063	$ 1,385,864	$ (169,455)	$ (177)	$ 12,159,295
Nonregulated plant	58,847	89	(486)	(97)	58,353
Construction in progress	299,394	50,331	—	—	349,725
September 30, 2018	$ 11,301,304	$ 1,436,284	$ (169,941)	$ (274)	$ 12,567,373
Regulated plant	$ 12,159,295	$ 1,693,865	$ (158,056)	$ 3,557	$ 13,698,661
Nonregulated plant	58,353	1,946	(61)	—	60,238
Construction in progress	349,725	71,969	—		421,694
September 30, 2019	$ 12,567,373	$ 1,767,780	$ (158,117)	$ 3,557	$ 14,180,593

(1) Additions at cost include capital expenditures and acquisitions treated as a purchase.
(2) Other includes the reclassification of assets held for sale to other current assets.

ACCUMULATED DEPRECIATION AND AMORTIZATION

Year ended	Balance at beginning of period	Additions charged to costs and expenses	Deductions - retirements, renewals and replacements	Other [1]	Balance at end of period
			(In thousands)		
September 30, 2009	$ 1,593,297	$ 217,302	$ (163,084)	$ —	$ 1,647,515
September 30, 2010	$ 1,647,515	$ 217,133	$ (115,405)	$ —	$ 1,749,243
September 30, 2011	$ 1,749,243	$ 233,383	$ (258,083)	$ (55,667)	$ 1,668,876
September 30, 2012	$ 1,668,876	$ 246,577	$ (210,706)	$ (45,881)	$ 1,658,866
September 30, 2013	$ 1,658,866	$ 237,607	$ (210,688)	$ 5,579	$ 1,691,364
September 30, 2014	$ 1,691,364	$ 254,956	$ (224,526)	$ —	$ 1,721,794
September 30, 2015	$ 1,721,794	$ 276,005	$ (188,279)	$ (14,545)	$ 1,794,975
September 30, 2016	$ 1,794,975	$ 293,096	$ (211,987)	$ (2,184)	$ 1,873,900
September 30, 2017	$ 1,873,900	$ 319,633	$ (151,411)	$ —	$ 2,042,122
September 30, 2018	$ 2,042,122	$ 361,083	$ (206,979)	$ —	$ 2,196,226
September 30, 2019	$ 2,196,226	$ 391,456	$ (194,758)	$ —	$ 2,392,924

Depreciation is provided at various rates on a straight-line basis over the estimated useful lives of the assets.

[1] Other includes accumulated amortization from acquisitions treated as a purchase and the reclassification of assets held for sale to other current assets.

LONG-TERM AND SHORT-TERM DEBT

	September 30			
	2019	2018	2017	2016
	(In thousands)			
Long-term Debt				
Unsecured 4.125% Senior Notes, due 3/15/2049	$ 450,000	$ —	$ —	$ —
Unsecured 4.30% Senior Notes, due 10/01/2048	600,000	—	—	—
Unsecured 8.50% Senior Notes, due 3/15/2019	—	450,000	450,000	450,000
Unsecured 3.00% Senior Notes, due 6/15/2027	500,000	500,000	500,000	—
Unsecured 5.95% Senior Notes, due 10/15/2034	200,000	200,000	200,000	200,000
Unsecured 5.50% Senior Notes, due 6/15/2041	400,000	400,000	400,000	400,000
Unsecured 4.15% Senior Notes, due 1/15/2043	500,000	500,000	500,000	500,000
Unsecured 4.125% Senior Notes, due 10/15/2044	750,000	750,000	750,000	500,000
Unsecured 6.75% Debentures due 7/15/2028	150,000	150,000	150,000	150,000
Medium term notes, 6.27% through 6.67%, due 2010 through 2025	10,000	10,000	10,000	10,000
Three year multi-draw term loan, due September 2019	—	125,000	125,000	—
Unsecured 6.35% Senior Notes, redeemed June 2017	—	—	—	250,000
Unsecured 4.95% Senior Notes, redeemed October 2014	—	—	—	—
Rental property fixed rate term note 7.9%, due in installments through 2013	—	—	—	—
Unsecured 5.125% Senior Notes, redeemed August 2012	—	—	—	—
Unsecured 10% Notes, redeemed December 2011	—	—	—	—
Unsecured 7.375% Senior Notes, redeemed May 2011	—	—	—	—
Total face amount Long-term Debt	3,560,000	3,085,000	3,085,000	2,460,000
Original issue premium (discount)	(193)	4,439	4,384	(4,270)
Less unamortized debt expense	(30,355)	(20,774)	(22,339)	(16,951)
Less amounts classified as current	—	(575,000)	—	(250,000)
Total Net Long-term Debt	$ 3,529,452	$ 2,493,665	$ 3,067,045	$ 2,188,779
Short-term Debt				
Current maturities of long-term debt	$ —	$ 575,000	$ —	$ 250,000
Short-term debt	464,915	575,780	447,745	829,811
Total short-term debt	$ 464,915	$ 1,150,780	$ 447,745	$ 1,079,811
Weighted Average Cost of Debt				
Long-term debt (including current maturities)	4.7%	5.2%	5.2%	6.0%
Short-term debt	4.9%	2.6%	1.5%	1.1%
Total	4.7%	4.8%	4.7%	4.8%

2015	2014	2013	2012	2011	2010	2009
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—
450,000	450,000	450,000	450,000	450,000	450,000	450,000
—	—	—	—	—	—	—
200,000	200,000	200,000	200,000	200,000	200,000	200,000
400,000	400,000	400,000	400,000	400,000	—	—
500,000	500,000	500,000	—	—	—	—
500,000	—	—	—	—	—	—
150,000	150,000	150,000	150,000	150,000	150,000	150,000
10,000	10,000	10,000	10,000	10,000	20,000	20,000
—	—	—	—	—	—	—
250,000	250,000	250,000	250,000	250,000	250,000	250,000
—	500,000	500,000	500,000	500,000	500,000	500,000
—	—	—	131	262	393	524
—	—	—	—	250,000	250,000	250,000
—	—	—	—	2,303	2,303	2,303
—	—	—	—	—	350,000	350,000
2,460,000	2,460,000	2,460,000	1,960,131	2,212,565	2,172,696	2,172,827
(4,612)	(4,014)	(4,329)	(3,695)	(4,014)	(3,014)	(3,296)
(17,873)	(13,698)	(15,199)	(11,157)	(12,583)	(9,854)	(11,607)
—	—	—	(131)	(2,434)	(360,131)	(131)
$ 2,437,515	$ 2,442,288	$ 2,440,472	$ 1,945,148	$ 2,193,534	$ 1,799,697	$ 2,157,793
$ —	$ —	$ —	$ 131	$ 2,434	$ 360,131	$ 131
457,927	196,695	367,984	570,929	206,396	126,100	72,550
$ 457,927	$ 196,695	$ 367,984	$ 571,060	$ 208,830	$ 486,231	$ 72,681
5.9%	6.2%	6.2%	6.6%	6.5%	6.9%	6.9%
1.2%	1.1%	1.3%	1.9%	1.9%	4.9%	6.8%
5.2%	5.8%	5.6%	5.5%	6.1%	6.8%	6.9%

SINKING FUND REQUIREMENTS

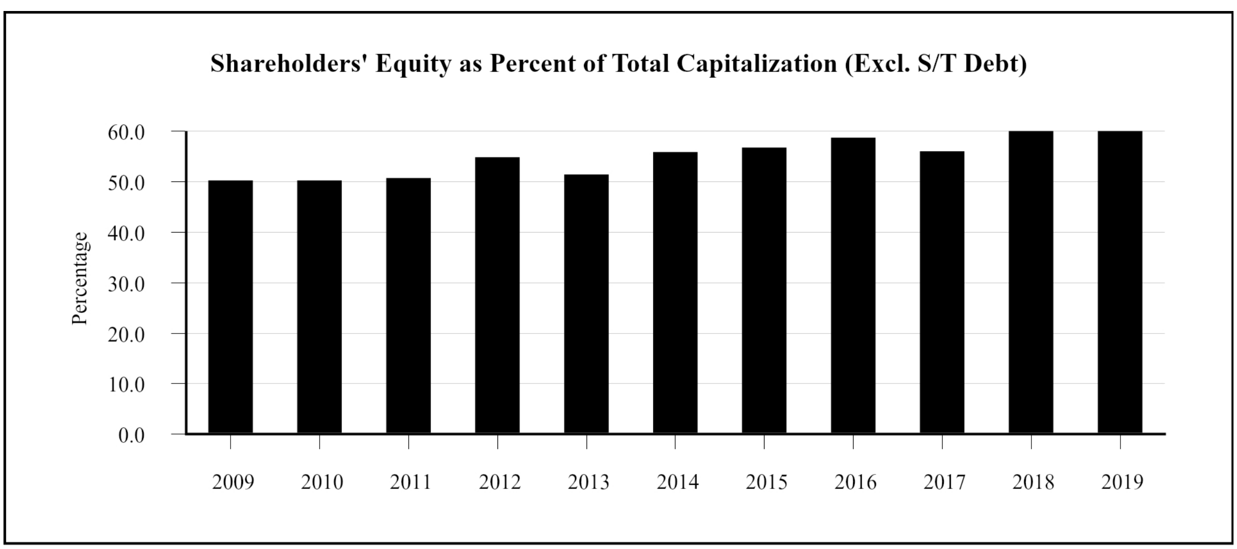
Year ending September 30	Long-term Debt Outstanding 2019	2020	2021	2022	2023
	(In thousands)				
4.30% Sr. Notes, due June 2048	$ 600,000	$ —	$ —	$ —	$ —
4.125% Sr. Notes, due October 2049	450,000	—	—	—	—
3.00% Sr. Notes, due June 2027	500,000	—	—	—	—
6.75% Debentures, due July 2028	150,000	—	—	—	—
5.95% Sr. Notes due October 2034	200,000	—	—	—	—
5.50% Sr. Notes due June 2041	400,000	—	—	—	—
4.15% Sr. Notes due June 2043	500,000	—	—	—	—
4.125% Sr. Notes due October 2044	750,000	—	—	—	—
6.67% Medium term notes due December 2025	10,000	—	—	—	—
	$ 3,560,000	$ —	$ —	$ —	$ —

2024	2025	2026	2027	2028	2029	2030 - 2049
(In thousands)						
$ —	$ —	$ —	$ —	$ —	$ —	$ 600,000
—	—	—	—	—	—	450,000
—	—	—	500,000	—	—	—
—	—	—	—	150,000	—	—
—	—	—	—	—	—	200,000
—	—	—	—	—	—	400,000
—	—	—	—	—	—	500,000
—	—	—	—	—	—	750,000
—	—	10,000	—	—	—	—
$ —	$ —	$ 10,000	$ 500,000	$ 150,000	$ —	$ 2,900,000

CAPITALIZATION AND RATIOS

	Year ended September 30			
	2019	2018	2017	2016
	(In thousands, except percentages)			
Capitalization				
Shareholders' equity				
Common stock	$ 597	$ 556	$ 531	$ 520
Additional paid-in capital	3,712,194	2,974,926	2,536,365	2,388,027
Retained earnings	2,152,015	1,878,116	1,467,024	1,262,534
Accumulated other comprehensive income (loss)	(114,583)	(83,647)	(105,254)	(188,022)
Shareholders' equity	5,750,223	4,769,951	3,898,666	3,463,059
Long-term debt (including current maturities)	3,529,452	3,068,665	3,067,045	2,438,779
Total capitalization (excluding short-term debt)	9,279,675	7,838,616	6,965,711	5,901,838
Short-term debt	464,915	575,780	447,745	829,811
Total capitalization (including short-term debt)	$ 9,744,590	$ 8,414,396	$ 7,413,456	$ 6,731,649
Capitalization Ratios				
Shareholders' equity	62.0%	60.9%	56.0%	58.7%
Long-term debt (including current maturities)	38.0%	39.1%	44.0%	41.3%
Total	100.0%	100.0%	100.0%	100.0%
Including Short-term debt				
Shareholders' equity	59.0%	56.7%	52.6%	51.5%
Long-term debt (including current maturities)	36.2%	36.5%	41.4%	36.2%
Short-term debt	4.8%	6.8%	6.0%	12.3%
Total	100.0%	100.0%	100.0%	100.0%

2015	2014	2013	2012	2011	2010	2009
$ 507	$ 502	$ 453	$ 451	$ 451	$ 451	$ 463
2,230,591	2,180,151	1,765,811	1,745,467	1,732,935	1,714,364	1,791,129
1,073,029	917,972	775,267	660,932	570,495	486,905	405,353
(109,330)	(12,393)	38,878	(47,607)	(48,460)	(23,372)	(20,184)
3,194,797	3,086,232	2,580,409	2,359,243	2,255,421	2,178,348	2,176,761
2,437,515	2,442,288	2,440,472	1,945,279	2,195,968	2,159,828	2,157,924
5,632,312	5,528,520	5,020,881	4,304,522	4,451,389	4,338,176	4,334,685
457,927	196,695	367,984	570,929	206,396	126,100	72,550
$ 6,090,239	$ 5,725,215	$ 5,388,865	$ 4,875,451	$ 4,657,785	$ 4,464,276	$ 4,407,235
56.7%	55.8%	51.4%	54.8%	50.7%	50.2%	50.2%
43.3%	44.2%	48.6%	45.2%	49.3%	49.8%	49.8%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
52.5%	53.9%	47.9%	48.4%	48.4%	48.8%	49.4%
40.0%	42.7%	45.3%	39.9%	47.2%	48.4%	49.0%
7.5%	3.4%	6.8%	11.7%	4.4%	2.8%	1.6%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



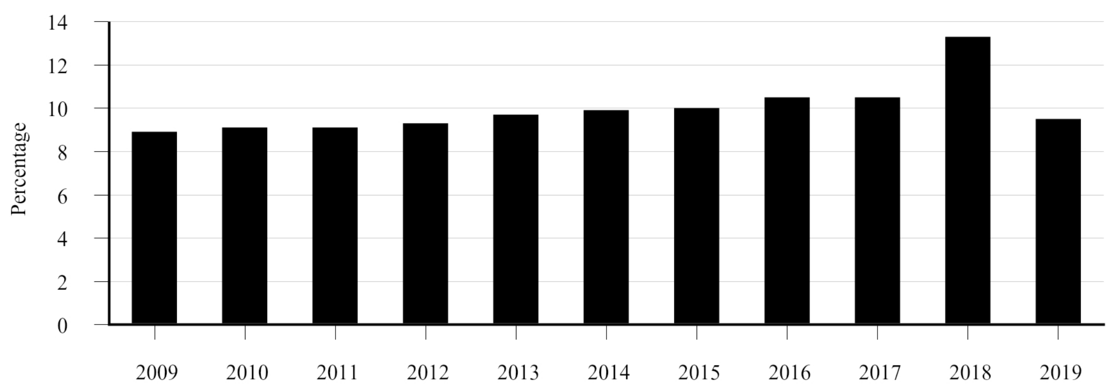
FINANCIAL AND OPERATING STATISTICS

	Year ended September 30			
	2019	2018	2017	2016
Regulated Distribution Property Statistics				
Gross plant per meter	$ 3,186	$ 2,848	$ 2,605	$ 2,387
Net plant per meter	$ 2,654	$ 2,348	$ 2,126	$ 1,953
Regulated Distribution Expense Statistics				
O & M expense per meter				
Operation	$ 134	$ 124	$ 125	$ 124
Maintenance [(1)]	12	19	3	3
Total	$ 146	$ 143	$ 128	$ 127
Financial Statistics				
Return on average shareholders' equity	9.5%	13.3%	10.5%	10.5%
Times interest earned before income taxes	4.06	4.23	4.68	4.31
Market price at year end	$ 113.89	$ 93.91	$ 83.84	$ 74.47
Book value per share at end of year	$ 48.18	$ 1.86	$ 36.74	$ 33.32
Price/Earnings ratio at end of year	26.18	17.29	22.48	22.03
Market/Book ratio at end of year	2.36	50.49	2.28	2.23
Annualized dividend yield at end of year	1.8%	2.1%	2.1%	2.3%
Payout ratio	48.3%	35.7%	48.3%	49.7%
Operating Statistics				
Meters per employee - distribution	709	713	715	696
Number of employees	4,776	4,628	4,565	4,747
Miles of pipe	76,544	75,749	76,287	76,150

[(1)] For fiscal 2018, the maintenance expense per meter largely reflects expenses incurred after we decided to undertake a planned outage of our natural gas distribution system in Northwest Dallas that affected approximately 2,400 homes.

2015	2014	2013	2012	2011	2010	2009
$ 2,222	$ 2,074	$ 1,985	$ 1,876	$ 1,767	$ 1,658	$ 1,554
$ 1,799	$ 1,670	$ 1,567	$ 1,468	$ 1,362	$ 1,243	$ 1,165
$ 120	$ 121	$ 121	$ 111	$ 105	$ 107	$ 108
3	3	5	7	6	7	8
$ 123	$ 124	$ 126	$ 118	$ 111	$ 114	$ 116
10.0%	9.9%	9.7%	9.3%	9.1%	9.1%	8.9%
4.19	4.63	4.01	3.27	3.13	3.09	2.82
$ 58.18	$ 47.70	$ 42.59	$ 35.79	$ 32.45	$ 29.25	$ 28.18
$ 31.48	$ 30.74	$ 28.47	$ 26.14	$ 24.98	$ 24.16	$ 23.52
18.83	16.11	16.13	15.10	14.30	13.30	13.61
1.85	1.55	1.50	1.37	1.30	1.21	1.20
2.7%	3.1%	3.3%	3.9%	4.2%	4.6%	4.7%
50.5%	50.0%	53.0%	58.2%	59.9%	60.9%	63.5%
688	679	662	680	676	676	678
4,753	4,761	4,720	4,759	4,949	4,913	4,891
75,806	73,248	72,884	73,875	76,835	77,157	76,942

Return on Average Shareholders' Equity



CUSTOMERS AND VOLUMES

	Year ended September 30			
	2019	2018	2017	2016
Distribution meters in service (end of year)				
Residential	3,007,932	2,975,724	2,942,824	2,909,524
Commercial	273,696	270,560	268,480	266,265
Industrial	1,668	1,668	1,676	1,715
Agricultural	687	681	687	721
Public authority and other	7,852	7,703	7,738	7,640
Total distribution meters from continuing operations	3,291,835	3,256,336	3,221,405	3,185,865
Total distribution meters from discontinued operations	—	—	—	—
Total distribution meters	3,291,835	3,256,336	3,221,405	3,185,865
Pipeline and storage and natural gas marketing customers				
Industrial	93	93	93	751
Municipal	—	—	—	134
Other	236	226	234	523
Total customers	327	319	327	1,408
Distribution meters (% of total)				
Residential	91.4%	91.4%	91.4%	91.3%
Commercial	8.3	8.3	8.3	8.4
Public authority and other	0.2	0.2	0.2	0.2
Weather sensitive customers - continuing operations	99.9	99.9	99.9	99.9
Industrial	0.1	0.1	0.1	0.1
Agricultural	0.0	0.0	0.0	0.0
Total from continuing operations	100.0	100.0	100.0	100.0
Total from discontinued operations	0.0	0.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%
Average distribution meters in service	3,279,188	3,244,236	3,207,407	3,174,247
Heating degree days	2,669	2,650	2,584	2,622
Degree days as a % of normal	102%	99%	96%	98%
Distribution sales volumes - continuing operations (MMcf)				
Residential	173,671	161,721	126,834	136,402
Commercial	103,541	97,874	83,679	86,361
Public authority and other	6,376	6,289	5,692	6,024
Weather sensitive customers - continuing operations	283,588	265,884	216,205	228,787
Industrial	31,379	34,167	29,931	29,053
Agricultural	509	766	689	810
Total gas sales volumes	315,476	300,817	246,825	258,650
Transportation volumes	155,078	150,566	141,540	133,378
Total distribution throughput - continuing operations (MMcf)	470,554	451,383	388,365	392,028
Distribution sales volumes - discontinued operations (MMcf)	—	—	—	—
Distribution transportation volumes - discontinued operations (MMcf)	—	—	—	—
Consolidated distribution throughput (MMcf)	470,554	451,383	388,365	392,028
Consolidated pipeline and storage throughput (MMcf)	721,998	663,900	596,179	505,303
Consolidated natural gas marketing throughput (MMcf)	—	—	78,646	325,537
Distribution sales volumes (% of total)				
Residential	55.1%	53.7%	51.4%	52.8%
Commercial	32.8	32.5	33.9	33.4
Public authority and other	2.0	2.1	2.3	2.3
Weather sensitive customers - continuing operations	89.9	88.3	87.6	88.5
Industrial	9.9	11.4	12.1	11.2
Agricultural	0.2	0.3	0.3	0.3
Total from continuing operations	100.0	100.0	100.0	100.0
Total from discontinued operations	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%

2015	2014	2013	2012	2011	2010	2009
2,878,740	2,846,664	2,755,831	2,787,361	2,797,097	2,776,649	2,766,993
262,655	258,404	244,652	253,570	256,357	248,353	251,239
1,862	1,880	1,500	1,810	1,924	1,942	2,031
742	798	833	918	935	967	1,003
7,667	7,673	9,164	9,223	9,239	9,172	8,199
3,151,666	3,115,419	3,011,980	3,052,882	3,065,552	3,037,083	3,029,465
—	—	—	63,707	147,639	148,957	149,379
3,151,666	3,115,419	3,011,980	3,116,589	3,213,191	3,186,040	3,178,844
764	739	729	748	768	717	699
129	124	128	124	65	61	63
493	529	527	441	518	515	489
1,386	1,392	1,384	1,313	1,351	1,293	1,251
91.4%	91.4%	91.5%	89.4%	87.0%	87.1%	87.0%
8.3	8.3	8.1	8.1	8.0	7.8	7.9
0.2	0.2	0.3	0.3	0.3	0.3	0.3
99.9	99.9	99.9	97.8	95.3	95.2	95.2
0.1	0.1	0.1	0.1	0.1	0.1	0.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0
100.0	100.0	100.0	97.9	95.4	95.3	95.3
0.0	2.1	4.6	4.7	4.7	4.9	5.0
100.0%	102.1%	104.6%	102.6%	100.1%	100.2%	100.3%
3,139,711	3,032,567	3,087,941	3,210,500	3,203,595	3,202,651	3,208,695
2,608	2,685	2,729	2,692	2,733	2,780	2,713
98%	102%	103%	97%	99%	102%	100%
170,522	187,431	154,823	137,049	158,119	181,852	151,666
100,323	105,074	88,850	82,516	89,720	98,337	86,938
7,253	8,116	8,630	8,152	9,186	9,295	11,395
278,098	300,621	252,303	227,717	257,025	289,484	249,999
29,087	30,360	15,678	15,673	17,289	17,250	16,849
800	953	1,181	1,076	1,226	740	933
307,985	331,934	269,162	244,466	275,540	307,474	267,781
135,972	134,483	123,144	128,222	125,812	122,633	118,069
443,957	466,417	392,306	372,688	401,352	430,107	385,850
—	—	3,611	11,259	14,387	15,154	14,336
—	—	1,120	7,036	8,281	8,914	8,699
443,957	466,417	397,037	390,983	424,020	454,175	408,885
528,068	493,360	467,178	466,527	435,012	428,599	528,689
336,792	362,827	343,669	351,628	384,799	353,853	370,569
55.4%	56.5%	56.8%	53.6%	54.5%	56.4%	53.8%
32.6	31.7	32.6	32.3	30.9	30.5	30.8
2.3	2.3	3.2	3.2	3.2	2.9	4.0
90.3	90.5	92.6	89.1	88.6	89.8	88.6
9.4	9.1	5.7	6.1	6.0	5.3	6.0
0.3	0.3	0.4	0.4	0.4	0.2	0.3
100.0	99.9	98.7	95.6	95.0	95.3	94.9
—	—	1.3	4.4	5.0	4.7	5.1
100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%

GAS SALES AND TRANSPORTATION REVENUES

	Year ended September 30			
	2019	2018	2017	2016
Distribution revenues (000's):				
Residential	$ 1,733,548	$ 1,916,101	$ 1,642,918	$ 1,477,049
Commercial	711,284	797,073	708,167	619,979
Industrial	118,046	131,267	133,372	98,439
Agricultural	2,356	4,514	3,910	4,168
Public authority and other	40,257	43,200	41,910	37,139
Total gas sales revenues	2,605,491	2,892,155	2,530,277	2,236,774
Transportation revenues	95,629	99,250	86,332	76,690
Other gas revenues	41,704	8,999	31,204	24,940
Total distribution revenues	2,742,824	3,000,404	2,647,813	2,338,404
Pipeline and storage revenues	159,024	115,142	111,922	116,244
Natural gas marketing revenues [1]	—	—	—	—
Total operating revenues [1] [2]	$ 2,901,848	$ 3,115,546	$ 2,759,735	$ 2,454,648
Gas sales revenue percent				
Residential	66.5 %	66.3 %	64.9 %	66.0 %
Commercial	27.3	27.5	28.0	27.7
Industrial	4.6	4.5	5.3	4.4
Agricultural	0.1	0.2	0.1	0.2
Public authority and other	1.5	1.5	1.7	1.7
Total	100.0 %	100.0 %	100.0 %	100.0 %
Distribution average gas revenues per Mcf				
Residential	$9.98	$11.85	$12.95	$10.83
Commercial	$6.87	$8.14	$8.46	$7.18
Industrial	$3.76	$3.84	$4.46	$3.39
Agricultural	$4.63	$5.89	$5.67	$5.15
Public authority and other	$6.31	$6.87	$7.36	$6.17
Total	$8.26	$9.61	$10.25	$8.65
Regulated distribution average transportation revenue per Mcf	$0.60	$0.64	$0.58	$0.54
Regulated distribution average cost of gas per Mcf sold	$4.02	$5.19	$5.14	$4.09

[1] Operating revenues from our discontinued natural gas marketing segment have been separately reported as discontinued operations for fiscal years 2014 through 2017. These operations were not reported separately for years prior to fiscal 2014.

[2] Operating revenues by segment have been recast for fiscal years 2014 through 2016 to be consistent with the segment realignment performed in fiscal 2017. Operating revenues by segment were not recast for years prior to fiscal 2014.

	2015	2014	2013	2012	2011	2010	2009
	$ 1,761,689	$ 1,933,099	$ 1,512,495	$ 1,351,479	$ 1,535,887	$ 1,751,186	$ 1,726,830
	772,187	876,042	661,930	587,651	685,380	775,714	790,155
	131,034	166,736	81,155	71,960	96,636	101,814	119,921
	4,513	6,311	7,057	4,867	7,636	4,153	3,132
	48,888	58,468	53,500	49,467	61,040	65,791	85,216
	2,718,311	3,040,656	2,316,137	2,065,424	2,386,579	2,698,658	2,725,254
	72,340	68,020	55,938	53,924	57,331	56,539	54,195
	29,326	29,182	22,343	25,028	25,871	27,796	28,685
	2,819,977	3,137,858	2,394,418	2,144,376	2,469,781	2,782,993	2,808,134
	107,008	106,046	89,011	92,604	87,141	97,023	119,427
	—	—	1,392,031	1,199,182	1,743,743	1,790,695	1,898,647
	$ 2,926,985	$ 3,243,904	$ 3,875,460	$ 3,436,162	$ 4,300,665	$ 4,670,711	$ 4,826,208
	64.8 %	63.6 %	65.3 %	65.4 %	64.4 %	64.9 %	63.4 %
	28.4	28.8	28.6	28.5	28.7	28.7	29.0
	4.8	5.5	3.5	3.5	4.0	3.8	4.4
	0.2	0.2	0.3	0.2	0.3	0.2	0.1
	1.8	1.9	2.3	2.4	2.6	2.4	3.1
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
	$10.33	$10.31	$9.77	$9.86	$9.71	$9.63	$11.39
	$7.70	$8.34	$7.45	$7.12	$7.64	$7.89	$9.09
	$4.50	$5.49	$5.18	$4.59	$5.59	$5.90	$7.12
	$5.64	$6.62	$5.98	$4.52	$6.23	$5.61	$3.36
	$6.74	$7.20	$6.20	$6.07	$6.64	$7.08	$7.48
	$8.83	$9.16	$8.60	$8.45	$8.66	$8.78	$10.18
	$0.49	$0.47	$0.45	$0.43	$0.46	$0.46	$0.46
	$5.11	$5.88	$4.91	$4.64	$5.30	$5.77	$6.95

REGULATION AND RATES

The following table sets forth the net annual operating income changes resulting from ratemaking activity (excluding industrial and agricultural) made by the Company during the fiscal years September 30, 2009 through September 30, 2019 (in thousands):

	Increase (Decrease) to Operating Income by Rate Action [1]			
For the year ended September 30	Annual Rate Filing Mechanisms	Rate Case Filings	Other Rate Activity	Total
2009	$ 50,813	$ 2,959	$ 631	$ 54,403
2010	$ 32,746	$ 23,663	$ 392	$ 56,801
2011	$ 50,249	$ 20,502	$ 1,675	$ 72,426
2012	$ 26,216	$ 4,309	$ 167	$ 30,692
2013	$ 40,088	$ 56,700	$ 1,322	$ 98,110
2014	$ 71,749	$ 21,819	$ (226)	$ 93,342
2015	$ 113,706	$ 711	$ 78	$ 114,495
2016	$ 114,974	$ 7,716	$ (183)	$ 122,507
2017	$ 90,427	$ 12,961	$ 784	$ 104,172
2018	$ 92,472	$ (12,853)	$ 457	$ 80,076
2019	$ 114,810	$ 1,656	$ 214	$ 116,680

[1] Beginning in Fiscal 2018, filing amounts reflect a 21% federal income tax rate resulting from the Tax Cuts and Jobs Act of 2017 (TCJA) implemented in December 2017. Prior to Fiscal 2018, the statutory federal income rate was 35%.

REGULATION AND RATES (Continued)

Regulatory Commissions

Railroad Commission of Texas (www.rrc.state.tx.us)
Three Commissioners who are elected by statewide general election for staggered six-year terms.

Kentucky Public Service Commission (psc.ky.gov)
Three Commissioners who are appointed by the Governor for staggered four-year terms.

Louisiana Public Service Commission (http://www.lpsc.louisiana.gov/)
Five Commissioners elected from single-member districts for staggered six-year terms.

Kansas Corporation Commission (www.kcc.state.ks.us)
Three Commissioners who are appointed by the Governor for staggered four-year terms.

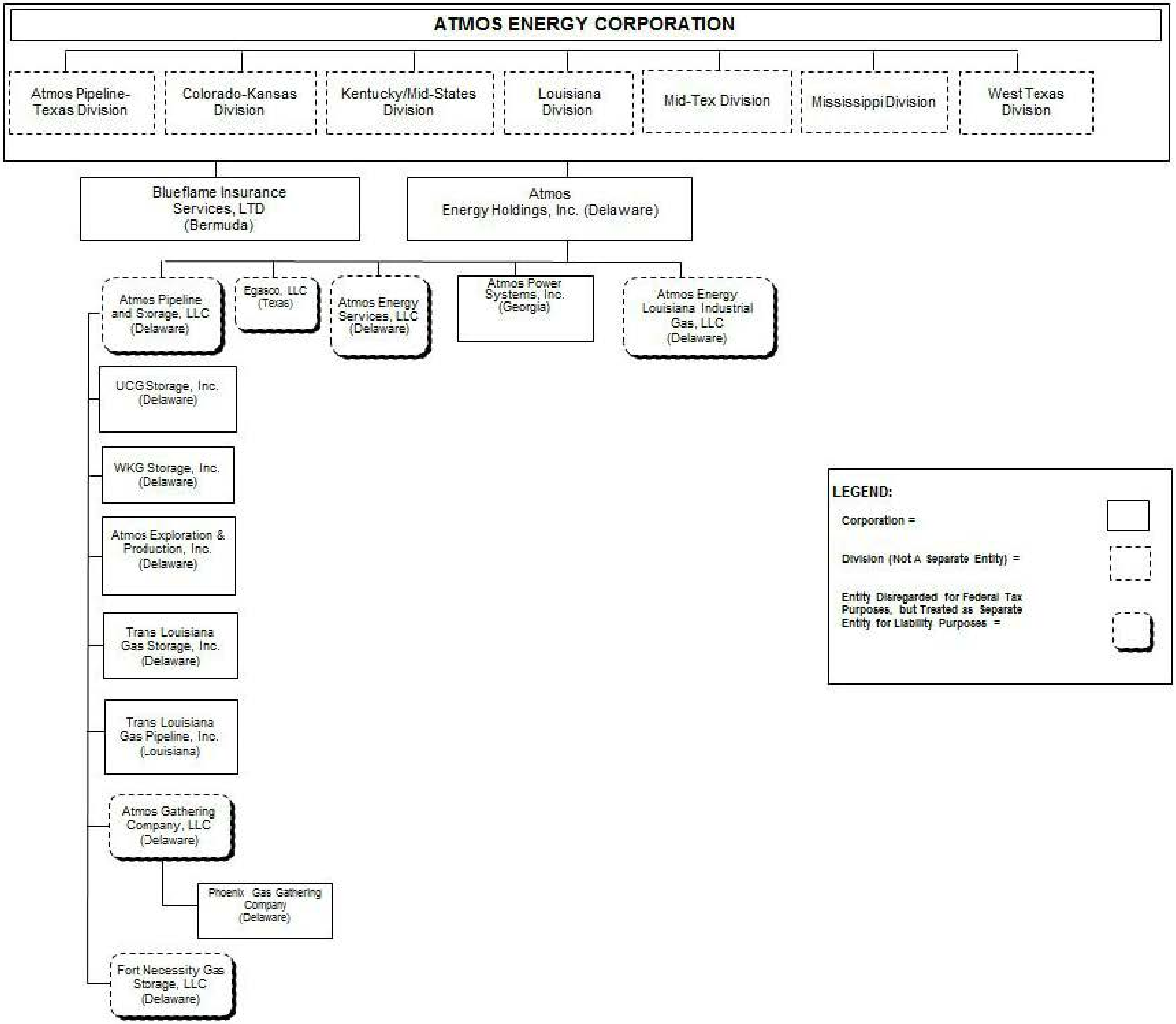
Colorado Public Utilities Commission (colorado.gov/dora)
Three Commissioners who are appointed by the Governor for staggered four-year terms.

Mississippi Public Service Commission (www.psc.state.ms.us)
Three Commissioners who are elected to four-year terms.

Virginia State Corporation Commission (www.scc.virginia.gov)
Three Commissioners elected by the General Assembly for staggered six-year terms.

Tennessee Public Utility Commission (https://www.tn.gov/tpuc.html)
Five part-time directors and one full-time executive director who are appointed by the Governor, Speaker of House and Lieutenant Governor.

CORPORATE STRUCTURE - Effective January 1, 2017



OPERATING DIVISIONS AND SUBSIDIARY COMPANIES

	Year of Incorporation	State of Incorporation	Principal Business Office
Atmos Energy Corporation	1983	Texas	Dallas, TX
	1997	Virginia	
Operating Divisions:			
West Texas			Lubbock, TX
Mid-Tex			Dallas, TX
Colorado-Kansas			Denver, CO
Kentucky/Mid-States			Franklin, TN
Louisiana			Baton Rouge, LA
Mississippi			Jackson, MS
Atmos Pipeline - Texas			Dallas, TX
Subsidiaries:			
Atmos Energy Holdings, Inc.	2000	Delaware	Dallas, TX
Blue Flame Insurance Services, LTD	2003	Bermuda	Bermuda
Atmos Energy Services, LLC	1996	Delaware	Dallas, TX
EGASCO, LLC	1999	Texas	Dallas, TX
Atmos Energy Marketing, LLC	1999	Delaware	Houston, TX
Atmos Power Systems, Inc.	1987	Georgia	Franklin, TN
Atmos Pipeline and Storage, LLC	1999	Delaware	Dallas, TX
UCG Storage, Inc.	1989	Delaware	Franklin, TN
WKG Storage, Inc.	1999	Delaware	Dallas, TX
Atmos Exploration & Production, Inc.	1934	Delaware	Dallas, TX
Trans Louisiana Gas Pipeline, Inc.	1983	Louisiana	Lafayette, LA
Trans Louisiana Gas Storage, Inc.	2000	Delaware	Dallas, TX
Atmos Gathering Company, LLC	2006	Delaware	Dallas, TX
Phoenix Gas Gathering Company	2006	Delaware	Dallas, TX
Fort Necessity Gas Storage, LLC	2009	Delaware	Houston, TX

REGULATED AND NONREGULATED DATA

The following table summarizes certain information regarding the operation of the regulated and nonregulated businesses of the Company for each of the last eleven years.

		Operating Revenues [1]	Net Income	Identifiable Assets
2009	Regulated Distribution	$ 2,808,134	$ 116,807	$ 5,105,925
	Regulated Pipeline	119,427	41,056	834,078
	Nonregulated	1,898,647	33,115	415,473
	Total	$ 4,826,208	$ 190,978	$ 6,355,476
2010	Regulated Distribution	$ 2,782,993	$ 125,949	$ 5,408,922
	Regulated Pipeline	97,023	41,486	913,829
	Nonregulated	1,790,695	38,404	431,186
	Total	$ 4,670,711	$ 205,839	$ 6,753,937
2011	Regulated Distribution	$ 2,469,781	$ 162,718	$ 5,844,507
	Regulated Pipeline	87,141	52,415	1,004,124
	Nonregulated	1,743,743	(7,532)	421,657
	Total	$ 4,300,665	$ 207,601	$ 7,270,288
2012	Regulated Distribution	$ 2,144,376	$ 148,369	$ 5,980,315
	Regulated Pipeline	92,604	63,059	1,148,006
	Nonregulated	1,199,182	5,289	356,197
	Total	$ 3,436,162	$ 216,717	$ 7,484,518
2013	Regulated Distribution	$ 2,394,418	$ 163,707	$ 6,170,345
	Regulated Pipeline	89,011	68,260	1,413,165
	Nonregulated	1,392,031	11,227	335,559
	Total	$ 3,875,460	$ 243,194	$ 7,919,069
2014	Regulated Distribution	$ 3,137,858	$ 174,458	$ 6,633,695
	Regulated Pipeline	106,046	95,873	1,632,909
	Nonregulated	—	19,486	314,402
	Total	$ 3,243,904	$ 289,817	$ 8,581,006
2015	Regulated Distribution	$ 2,819,977	$ 205,820	$ 7,000,407
	Regulated Pipeline	107,008	99,803	1,960,405
	Nonregulated	—	9,452	114,260
	Total	$ 2,926,985	$ 315,075	$ 9,075,072
2016	Regulated Distribution	$ 2,338,404	$ 233,830	$ 7,581,735
	Regulated Pipeline	116,244	111,712	2,259,723
	Nonregulated	—	4,562	169,431
	Total	$ 2,454,648	$ 350,104	$ 10,010,889
2017	Regulated Distribution	$ 2,647,813	$ 268,369	$ 8,144,122
	Regulated Pipeline	111,922	114,342	2,605,474
	Nonregulated	—	13,710	—
	Total	$ 2,759,735	$ 396,421	$ 10,749,596
2018	Regulated Distribution	$ 3,000,404	$ 442,966	$ 8,926,891
	Regulated Pipeline	115,142	160,098	2,947,546
	Nonregulated	—	—	—
	Total	$ 3,115,546	$ 603,064	$ 11,874,437
2019	Regulated Distribution	$ 2,742,824	$ 328,814	$ 10,104,031
	Regulated Pipeline	159,024	182,592	3,263,588
	Nonregulated	—	—	—
	Total	$ 2,901,848	$ 511,406	$ 13,367,619

In fiscal 2017, we began managing and reviewing our consolidated operations through the following three reportable segments: (i) Distribution, (ii) Pipeline and Storage and (iii) Natural Gas Marketing (comprised solely of our discontinued natural gas marketing operations) instead of the following reportable segments prior to that time: (i) Regulated Distribution, (ii) Regulated Pipeline and (iii) Nonregulated. For an expanded discussion of our reportable segments, please see the Company's Annual Report on Form 10-K for the year ended September 30, 2019. Operating revenues and net income for fiscal years 2014 through 2016 have been recasted to be consistent with this segment realignment. Operating revenues and net income were not recasted for years prior to fiscal 2014. Identifiable assets for fiscal years 2015 and 2016 have been recasted to be consistent with this segment realignment. Identifiable assets were not recasted for years prior to fiscal 2015. We currently manage and review our consolidated operations through the following two reportable segments: (i) Distribution and (ii) Pipeline and Storage.

[1] Operating revenues for fiscal years 2014 through 2017 excludes revenues from our discontinued natural gas marketing segment. Discontinued operations were not reported separately for years prior to fiscal 2014.

CORPORATE DEVELOPMENT

Acquisitions and Mergers

The Company has achieved eight significant acquisitions as summarized below:

1.	Property	Trans Louisiana Gas Company, Inc.
	Business	Intrastate natural gas distributor in Louisiana
	Meters in service	69,000 (at acquisition)
	Acquisition date	January 1, 1986
	Acquisition cost	$34.1 million inclusive of acquisition expenses plus assumption of approximately $10 million in long-term debt
	Regulatory body	Louisiana Public Service Commission
	Accounting method	Purchase
	Financing	$35,000,000 Revolving credit/term facility
2.	Property	Western Kentucky Gas Utility Corporation
	Business	Intrastate natural gas distributor in Kentucky
	Meters in service	147,000 (at acquisition)
	Acquisition date	December 1, 1987
	Acquisition cost	$67.5 million inclusive of acquisition expenses plus assumption of approximately $17.6 million in long-term debt
	Regulatory body	Kentucky Public Service Commission
	Accounting method	Purchase
	Financing	Initially funded with $31,500,000 interim revolving credit facility with a bank and $30,000,000 Senior Notes. Interim revolving credit facility was retired with proceeds of equity offering in June 1988.
3.	Property	Greeley Gas Company
	Business	Intrastate natural gas distributor in CO, KS, and MO(1)
	Meters in service	98,000 (at acquisition)
	Acquisition date	December 22, 1993
	Acquisition cost	Approximately 3.5 million (post-split) shares of Atmos stock, the assumption of approx. $20 million in long-term debt and $1.7 million in acquisition expenses
	Regulatory bodies	Colorado Public Utilities Commission, Kansas Corporation Commission and Missouri Public Service Commission
	Accounting method	Pooling of interests
	Financing	Exchanged 3,493,995 (post-split) shares of Atmos stock for all the outstanding shares of GGC
4.	Property	United Cities Gas Company
	Business	Intrastate natural gas distributor in GA(2), TN, VA, SC (subsequently sold), IL(1), IA(1), and MO(1)
	Meters in service	307,000 (at merger)
	Merger Date	July 31, 1997
	Merger cost	Approximately 13.3 million shares of Atmos stock, the assumption of approx. $149 million in long-term debt and $49 million in merger and integration costs
	Regulatory bodies	Missouri Public Service Commission, Georgia Public Service Commission, South Carolina Public Service Commission, Tennessee Regulatory Authority, Illinois Commerce Commission, Iowa Utilities Board, Virginia State Corporation Commission
	Accounting method	Pooling of interests
	Financing	Exchanged 13,320,221 shares of Atmos stock for all the outstanding shares of United Cities Gas Company
5.	Property	Remaining 55 percent interest in Woodward Marketing, L.L.C.
	Business	Management of natural gas requirements for municipalities, local gas utility companies and industrial customers
	Acquisition date	April 1, 2001
	Acquisition cost	$26.7 million inclusive of acquisition expenses
	Accounting method	Purchase
	Financing	Exchanged 1,423,193 restricted shares of Atmos common stock

CORPORATE DEVELOPMENT (Continued)

Acquisitions and Mergers (continued)

6.	Property	Louisiana Gas Service Company
	Business	Intrastate natural gas distributor in Louisiana
	Meters in service	279,000 (at acquisition)
	Acquisition date	July 1, 2001
	Acquisition cost	$363.4 million inclusive of acquisition expenses
	Regulatory body	Louisiana Public Service Commission
	Accounting method	Purchase
	Financing	Primarily funded with a $350 million debt offering

7.	Property	Mississippi Valley Gas Company
	Business	Intrastate natural gas distributor in Mississippi
	Meters in service	260,000 (at acquisition)
	Acquisition date	December 3, 2002
	Acquisition cost	$75.0 million cash, $75.0 million of Atmos common stock and the repayment of approx. $45.0 million of outstanding long-term debt.
	Regulatory body	Mississippi Public Service Commission
	Accounting method	Purchase
	Financing	Issued 3,386,287 shares of Atmos common stock and used a $150.0 million short-term unsecured committed credit facility to provide the initial funding for the cash portion of the acquisition and the repayment of the outstanding long-term debt. The short-term credit facility was replaced with a $250 million debt offering in January 2003.

8.	Property	TXU Gas Company
	Business	Intrastate natural gas distributor and pipeline operations in Texas
	Meters in service	1,500,000 (at acquisition)
	Acquisition date	October 1, 2004
	Acquisition cost	$1.9 billion cash (after closing adjustments and before transaction costs and expenses)
	Regulatory bodies	Various municipalities we serve, with exclusive appellate jurisdiction by the Texas Railroad Commission
	Accounting method	Purchase
	Financing	Issued 9,939,393 shares of Atmos common stock (net proceeds of $235.7 million) and issued $1.7 billion in commercial paper backstopped by a senior unsecured revolving credit agreement. In October 2004, the commercial paper was paid off with the issuance of $1.4 billion of senior unsecured notes and the issuance of 16.1 million shares of Atmos common stock (net proceeds of $382.5 million before other offering costs).

The Company has also achieved several small acquisitions including Oceana Heights Gas Company in Thibodaux, Louisiana and distribution systems in Winn Parish and LaFourche Parish, Louisiana. In May 2000, we acquired the Missouri natural gas distribution assets of Associated Natural Gas for approximately $32.0 million, serving approximately 48,000 meters. In March 2004, we acquired the natural gas distribution assets of ComFurT Gas Inc. for approximately $2.0 million which served approximately 1,800 customers.

On December 20, 2016, we executed a purchase and sale agreement to acquire the general partnership and limited partnership interests in EnLink North Texas Pipeline, LP (EnLink Pipeline) from EnLink Energy GP, LLC and EnLink Midstream Operating, LP for a cash price of $85.0 million, plus working capital of $1.1 million. EnLink Pipeline's primary asset was a 140–mile natural gas pipeline located on the north side of the Dallas–Fort Worth Metroplex.

Divestitures

1. In August 2012, we completed the sale of substantially all of our regulated distribution assets located in Missouri, Illinois and Iowa representing approximately 84,000 customers to Liberty Energy (Midstates) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $128 million, pursuant to an asset purchase agreement executed on May 12, 2011.

2. In April 2013, we completed the sale of substantially all of our regulated distribution assets and certain related nonregulated assets located in Georgia representing approximately 64,000 customers to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $153 million, pursuant to an asset purchase agreement executed on August 8, 2012.

3. In January 2017, we completed the sale of Atmos Energy Marketing to CenterPoint Energy Services, Inc., a subsidiary of CenterPoint Energy, Inc. for a cash purchase price of $38.3 million plus working capital of $109.0 million for total cash consideration of $147.3 million, pursuant to a membership interest purchase agreement executed on October 29, 2016.

GLOSSARY

Amortize - An allocation of cost to reflect a reduction to asset book value each year until only the salvage value, if any, remains.

Assets - Items of value owned by the company, typically items such as cash, property, and debts owed to the company.

Bcf - Abbreviation for 1,000,000,000 (one billion) cubic feet.

Balance sheet - A statement of financial position at a stated date that shows the assets, liabilities and shareholders' equity of a company.

Capitalize - To record and carry forward into future years any expenditure that will produce revenue or a benefit during those future years.

Cash equivalents - The company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Commercial service - Covers service to customers engaged in wholesale or retail trade, communications, finance, fisheries, forestry, government, insurance, real estate, transportation, etc., and to customers not directly involved in other classes of service.

Contingent liability - An obligation that may arise in the future that relates to a past transaction or event. The obligation is deemed possible but not probable.

Contribution margin - Operating revenues less purchased gas cost.

Current asset - Cash and any other items the company owns that will be converted to cash or useful goods or services within a year.

Current liability - A short-term indebtedness to be paid within a year.

Cushion gas - The gas required in a reservoir, used for storage of natural gas, so that reservoir pressure is such that the working gas may be recovered.

Deferred charges - Expenditures whose benefit will be realized in future years. The amounts will be charged against income over a period of years to properly match the expenses with the related benefit.

Deferred credits - Income items that have been received but not yet earned or liabilities incurred but not yet due. These will be recognized in the year they are earned.

Depreciation - An allocation of cost to reflect the gradual loss of productivity of a fixed asset by age or usage.

Deregulation - The act of ending certain federal government controls over the price of natural gas sold in interstate commerce.

Heating degree day - A heating degree day is equivalent to each degree that the average of the high and the low temperatures for a day is below 65 degrees. The greater the number of heating degree days, the colder the climate. Heating degree days are used in the natural gas industry to measure the coldness of weather experienced and to compare relative temperatures between one geographic area and another.

Industrial service - Covers service to customers engaged primarily in a process which either involves the extraction of raw materials from the earth, or a change of raw or unfinished materials into another form or product. Also includes service to natural gas irrigation wells.

Infrastructure Program - A rate making program which allows natural gas utility companies the opportunity to include in their rate base annually approved capital costs incurred.

LDC - Local distribution company.

Liabilities - Amounts owed by the corporation to others.

Line of credit - Agreements by banks to make a loan not to exceed a specified amount when needed by the corporation.

Long-term debt - Debts to be repaid with a maturity of more than one year.

Mcf - Abbreviation for 1,000 cubic feet, which is the customary unit for measuring volumes of natural gas.

MMcf - Abbreviation for 1,000,000 (one million) cubic feet.

GLOSSARY (Continued)

Net income - All revenues less all costs of doing business.

Net income per share - Net income available to common shareholders divided by the weighted average number of shares of common stock outstanding during the period.

No notice service - A FERC Order 636 interstate pipeline service combining transportation, storage and balancing functions generally designed to allow an LDC shipper to receive pipeline services with limited prior scheduling or notice to the pipeline.

Operating income - Excess of revenues over the related expenses; income before federal income taxes and interest.

Peak-shaving - Using sources of energy, such as natural gas from storage, to supplement the normal amounts delivered to customers during peak-use periods. Using these supplemental sources prevents pipelines from having to expand their delivery facilities just to accommodate short periods of extremely high demand.

Pooling of interests - A business combination in which the voting stock of one company is acquired by another through an exchange of stock and not through the disbursement of cash or other resources. The reported income of the constituents for prior periods is combined and restated as income of the combined corporation.

Psia - Abbreviation for pounds per square inch absolute. It is a measure of pressure.

Public authority - A municipal, state, federal, school, county or precinct account, i.e., account with any governmental subdivision.

Purchase accounting - A method of accounting for a business combination in which one company is acquired by another by paying cash, transferring assets, or by issuing debt. The acquiring corporation records at its cost the acquired assets less liabilities assumed. The reported income of the acquiring corporation includes the operations of the acquired company after acquisition.

Residential service - Covers service to customers for domestic purposes (single, multifamily or mobile homes, etc.). In residential service, the number of housing units within a structure determines the customer classification.

Retained earnings - Cumulative earnings retained in the business.

Shareholders' equity - The financial investment shareholders have in the company. It is represented by the difference between total assets and total liabilities.

Stated value - The nominal or face value of a security. It is not related to the actual value of the stock or the company.

Subsidiary - A corporation owned by a parent company through ownership of the subsidiary's voting stock.

Underground gas storage fields - Natural gas reservoirs located near gas users into which gas may be pumped during periods of low demand and recovered on peak demand days. This increases gas supply on peak demand days without incurring peak day demand charges from gas suppliers.

Weather normalization adjustment (WNA) - Rate adjustments approved by certain regulatory commissions that allow a company to increase the base rate portion of customers' bills when weather is warmer than normal and decrease the base rate when weather is colder than normal.

Working capital - Excess of current assets over current liabilities.

2020
ATMOS ENERGY CORPORATION
STATISTICAL SUMMARY

The purpose of this summary is to provide historical financial and statistical information and current facts about Atmos Energy Corporation (the "Company"). It should be used in conjunction with the Company's 2020 Annual Report on Form 10-K. It is not intended to be used in any way in conjunction with the sale or purchase of any securities of Atmos Energy Corporation or its subsidiaries. The financial and operating data in this summary are presented on a consolidated basis without extensive footnoting and are unaudited. In addition, the data provided in this summary is included for financial reporting purposes and may not be appropriate for rate making purposes.

This Page Intentionally Left Blank

TABLE OF CONTENTS

HIGHLIGHTS

	Year Ended September 30			
	2020	2019	2018	2017
Balance Sheet Data at September 30 (In thousands)				
Capital expenditures	$ 1,935,676	$ 1,693,477	$ 1,467,591	$ 1,137,089
Net property, plant and equipment	13,355,347	11,787,669	10,371,147	9,259,182
Working capital	(311,143)	(751,409)	(1,436,278)	(473,797)
Total assets	15,359,032	13,367,619	11,874,437	10,749,596
Shareholders' equity	6,791,203	5,750,223	4,769,951	3,898,666
Long-term debt, excluding current maturities	4,531,779	3,529,452	2,493,665	3,067,045
Total capitalization	11,322,982	9,279,675	7,263,616	6,965,711
Income Statement Data (In thousands, except per share data) (1)				
Operating revenues (2)	$ 2,821,137	$ 2,901,848	$ 3,115,546	$ 2,759,735
Operating income(3)	824,099	746,058	727,934	735,628
Adjusted income from continuing operations (4)	580,481	511,406	444,282	382,711
Income from continuing operations	601,443	511,406	603,064	382,711
Income from discontinued operations, net of tax	—	—	—	13,710
Net income	601,443	511,406	603,064	396,421
Adjusted income per share from continuing operations - diluted (4)	4.72	4.35	4.00	3.60
Income per share from continuing operations - diluted	4.89	4.35	5.43	3.60
Income per share from discontinued operations - diluted	—	—	—	0.13
Net income per share - diluted	4.89	4.35	5.43	3.73
Common Stock Data				
Shares outstanding (In thousands)				
End of year	125,882	119,339	111,274	106,105
Weighted average diluted shares	122,872	117,461	111,012	106,100
Cash dividends per share	$ 2.30	$ 2.10	$ 1.94	$ 1.80
Shareholders of record as of 10/31	11,199	11,806	12,550	13,341
Customers and Volumes (as metered)				
Consolidated distribution sales volumes (MMcf)	291,650	315,476	300,817	246,825
Consolidated distribution transportation volumes (MMcf)	147,387	155,078	150,566	141,540
Consolidated distribution throughput (MMcf)	439,037	470,554	451,383	388,365
Consolidated pipeline and storage throughput (MMcf)	621,371	721,998	663,900	596,179
Consolidated natural gas marketing delivered gas sales volumes (MMcf)	—	—	—	78,646
Meters in service at end of year	3,333,181	3,291,835	3,256,336	3,221,405
Heating degree days	2,727	2,669	2,650	2,584
Degree days as a % of normal	103%	102%	99%	96%
Distribution average purchased gas cost per Mcf sold	$ 3.67	$ 4.02	$ 5.19	$ 5.14
Distribution average transportation fee per Mcf	$ 0.64	$ 0.60	$ 0.64	$ 0.58
Statistics				
Return on average shareholders' equity	9.6%	9.5%	13.3%	10.5%
Number of employees	4,694	4,776	4,628	4,565
Net distribution plant per meter	$ 2,984	$ 2,654	$ 2,348	$ 2,126
Distribution operation and maintenance expense per meter	$ 142	$ 146	$ 143	$ 128
Meters per employee - distribution	730	709	713	715
Times interest earned before income taxes	4.22	4.06	4.23	4.68

(1) In January 2017, we completed the sale of our natural gas marketing operations to CenterPoint Energy Services, Inc., a subsidiary of CenterPoint Energy, Inc. (CES). The results of operations of our natural gas marketing reportable segment have been separately reported as discontinued operations for fiscal 2012 through 2017 but were not reported separately for years prior to fiscal 2012. In August 2012, we completed the sale of our distribution operations in Missouri, Illinois and Iowa and in April 2013, we completed the sale of our distribution operations in Georgia. The results of operations for these four states have been separately reported as discontinued operations for fiscal years 2010 through 2013.
(2) In fiscal 2014, we retroactively reclassified certain amounts in our operating revenues to purchased gas cost to reflect all hedging activity in purchased gas cost for fiscal years 2010 through 2014.
(3) In fiscal 2019, we retroactively reclassified amounts related to our pension and other postretirement plans in accordance with our adoption of new accounting standards for fiscal years 2016 through 2019. These amounts were not reclassified for years prior to fiscal 2016.

2016	2015	2014	2013	2012	2011	2010
$ 1,086,950	$ 963,621	$ 824,441	$ 837,112	$ 724,180	$ 618,210	$ 542,636
8,268,606	7,416,700	6,725,906	6,030,655	5,475,604	5,147,918	4,793,075
(1,106,595)	(528,517)	(134,810)	(301,353)	(447,992)	143,355	(290,887)
10,010,889	9,075,072	8,581,006	7,919,069	7,484,518	7,270,288	6,753,937
3,463,059	3,194,797	3,086,232	2,580,409	2,359,243	2,255,421	2,178,348
2,188,779	2,437,515	2,442,288	2,440,472	1,945,148	2,193,534	1,799,697
5,651,838	5,632,312	5,528,520	5,020,881	4,304,391	4,448,955	3,978,045
$ 2,454,648	$ 2,926,985	$ 3,243,904	$ 2,572,488	$ 2,404,267	$ 4,300,665	$ 4,670,711
665,368	612,232	577,222	500,445	447,272	425,986	463,833
345,542	305,623	270,331	232,378	194,032	189,588	189,851
345,542	305,623	270,331	232,378	194,032	189,588	189,851
4,562	9,452	19,486	10,816	22,685	18,013	15,988
350,104	315,075	289,817	243,194	216,717	207,601	205,839
3.33	3.00	2.76	2.52	2.12	2.07	2.03
3.33	3.00	2.76	2.52	2.12	2.07	2.03
0.05	0.09	0.20	0.12	0.25	0.20	0.17
3.38	3.09	2.96	2.64	2.37	2.27	2.20
103,931	101,479	100,388	90,640	90,240	90,296	90,164
103,524	101,892	97,608	91,711	91,172	90,652	92,422
$ 1.68	$ 1.56	$ 1.48	$ 1.40	$ 1.38	$ 1.36	$ 1.34
14,108	14,940	15,807	16,662	17,775	18,680	19,738
258,650	307,985	331,934	272,773	255,725	289,927	322,628
133,378	135,972	134,483	124,264	135,258	134,093	131,547
392,028	443,957	466,417	397,037	390,983	424,020	454,175
505,303	528,068	493,360	467,178	466,527	435,012	428,599
325,537	336,792	362,827	343,669	351,628	384,799	353,853
3,185,509	3,151,666	3,115,419	3,011,980	3,116,589	3,213,191	3,186,040
2,622	2,608	2,685	2,729	2,692	2,733	2,780
98%	98%	102%	103%	97%	99%	102%
$ 4.09	$ 5.11	$ 5.88	$ 4.91	$ 4.64	$ 5.30	$ 5.77
$ 0.54	$ 0.49	$ 0.47	$ 0.45	$ 0.43	$ 0.46	$ 0.46
10.5%	10.0%	9.9%	9.7%	9.3%	9.1%	9.1%
4,747	4,753	4,761	4,720	4,759	4,949	4,913
$ 1,953	$ 1,799	$ 1,670	$ 1,567	$ 1,468	$ 1,362	$ 1,243
$ 127	$ 123	$ 124	$ 126	$ 118	$ 111	$ 114
696	688	679	662	680	676	676
4.31	4.19	4.63	4.01	3.27	3.13	3.09

(4) In fiscal 2020, due to the passage of Kansas House Bill 2585, we remeasured our deferred tax liability and updated our state deferred tax rate. As a result, we recorded a non-cash income tax benefit of $21.0 million for the fiscal year ended September 30, 2020. Additionally, the enactment of the Tax Cuts and Jobs Act of 2017 (the TCJA) required us to remeasure our deferred tax assets and liabilities at our new federal statutory income tax rate as of December 22, 2017. The remeasurement of our net deferred tax liabilities resulted in the recognition of a non-cash income tax benefit of $158.8 million for the fiscal year ended September 30, 2018. Due to the non-recurring nature of these benefits, we believe that net income and diluted net income per share before the non-cash income tax benefits provide a more relevant measure to analyze our financial performance than net income and diluted net income per share in order to allow investors to better analyze our core results and allow the information to be presented on a comparative basis.

CONSOLIDATED BALANCE SHEETS

	September 30			
	2020	2019	2018	2017
ASSETS				
Property, plant and equipment				
Regulated plant	$ 15,478,612	$ 13,698,661	$ 12,159,295	$ 10,943,063
Nonregulated plant	60,554	60,238	58,353	58,847
Construction in progress	418,055	421,694	349,725	299,394
	15,957,221	14,180,593	12,567,373	11,301,304
Less accumulated depreciation and amortization	2,601,874	2,392,924	2,196,226	2,042,122
Net property, plant and equipment	13,355,347	11,787,669	10,371,147	9,259,182
Current assets				
Cash and cash equivalents	20,808	24,550	13,771	26,409
Accounts receivable, net	230,595	230,571	253,295	222,263
Materials and supplies	6,829	5,916	8,106	4,472
Gas stored underground	111,950	130,138	165,732	184,653
Assets from risk management activities	5,687	1,586	1,369	2,436
Deferred gas cost	40,593	23,766	1,927	65,714
Taxes receivable	—	—	—	—
Other current assets	54,796	41,504	34,653	33,699
Total current assets	471,258	458,031	478,853	539,646
Goodwill	731,257	730,706	730,419	730,132
Noncurrent assets from risk management activities	74,991	225	250	803
Deferred charges and other assets	726,179	390,988	293,768	219,833
	$ 15,359,032	$ 13,367,619	$ 11,874,437	$ 10,749,596
CAPITALIZATION AND LIABILITIES				
Shareholders' equity				
Common stock	$ 629	$ 597	$ 556	$ 531
Additional paid-in capital	4,377,149	3,712,194	2,974,926	2,536,365
Retained earnings	2,471,014	2,152,015	1,878,116	1,467,024
Accumulated other comprehensive income (loss)	(57,589)	(114,583)	(83,647)	(105,254)
Shareholders' equity	6,791,203	5,750,223	4,769,951	3,898,666
Long-term debt	4,531,779	3,529,452	2,493,665	3,067,045
Total capitalization	11,322,982	9,279,675	7,263,616	6,965,711
Current liabilities				
Current maturities of long-term debt	165	—	575,000	—
Short-term debt	—	464,915	575,780	447,745
Accounts payable and accrued liabilities	235,775	265,024	217,283	233,050
Taxes payable	148,292	135,597	123,457	116,291
Customer credit balances and deposits	56,485	54,617	52,648	54,627
Liabilities from risk management activities	2,015	4,552	56,734	322
Deferred gas cost	19,985	14,112	94,705	15,559
Other current liabilities	319,684	270,623	219,524	145,849
Total current liabilities	782,401	1,209,440	1,915,131	1,013,443
Deferred income taxes	1,456,569	1,300,015	1,154,067	1,878,699
Regulatory excess deferred taxes (1)	697,764	705,101	739,670	—
Noncurrent liabilities from risk management activities	—	1,249	103	112,076
Regulatory cost of removal obligation	457,188	473,172	466,405	485,420
Pension and postretirement liabilities	337,303	279,083	177,520	230,588
Deferred credits and other liabilities	304,825	119,884	157,925	63,659
	$ 15,359,032	$ 13,367,619	$ 11,874,437	$ 10,749,596

(1) Due to the passage of the Kansas House Bill 2585, on June 1, 2020, we remeasured our deferred tax liability resulting in a $12.1 million regulatory liability as of September 30, 2020. The remaining amount reflects the remeasurement of the net deferred tax liability included in our rate base as a result of the Tax Cuts and Jobs Act of 2017 (the TCJA).

2016	2015	2014	2013	2012	2011	2010
$ 9,881,378	$ 8,856,545	$ 8,094,561	$ 7,340,499	$ 6,752,780	$ 6,516,228	$ 6,284,773
77,249	74,709	105,560	105,773	107,578	91,324	99,623
183,879	280,421	247,579	275,747	274,112	209,242	157,922
10,142,506	9,211,675	8,447,700	7,722,019	7,134,470	6,816,794	6,542,318
1,873,900	1,794,975	1,721,794	1,691,364	1,658,866	1,668,876	1,749,243
8,268,606	7,416,700	6,725,906	6,030,655	5,475,604	5,147,918	4,793,075
47,534	28,653	42,258	66,199	64,239	131,419	131,952
215,880	213,333	343,400	301,992	234,526	273,303	273,207
5,825	12,587	5,704	5,511	5,872	4,113	3,940
179,070	195,336	278,917	244,741	256,415	289,760	319,038
3,029	378	45,827	11,966	24,707	18,344	20,575
45,184	9,715	20,069	15,152	31,359	33,976	22,701
5,456	4,479	5,481	3,141	1,291	9,215	19,382
179,708	161,825	34,184	28,431	209,553	250,823	84,397
681,686	626,306	775,840	677,133	827,962	1,010,953	875,192
726,962	726,257	742,029	741,363	740,683	740,000	739,314
1,822	368	13,038	109,354	2,283	998	937
331,813	305,441	324,193	360,564	437,986	370,419	345,419
$ 10,010,889	$ 9,075,072	$ 8,581,006	$ 7,919,069	$ 7,484,518	$ 7,270,288	$ 6,753,937
$ 520	$ 507	$ 502	$ 453	$ 451	$ 451	$ 451
2,388,027	2,230,591	2,180,151	1,765,811	1,745,467	1,732,935	1,714,364
1,262,534	1,073,029	917,972	775,267	660,932	570,495	486,905
(188,022)	(109,330)	(12,393)	38,878	(47,607)	(48,460)	(23,372)
3,463,059	3,194,797	3,086,232	2,580,409	2,359,243	2,255,421	2,178,348
2,188,779	2,437,515	2,442,288	2,440,472	1,945,148	2,193,534	1,799,697
5,651,838	5,632,312	5,528,520	5,020,881	4,304,391	4,448,955	3,978,045
250,000	—	—	—	131	2,434	360,131
829,811	457,927	196,695	367,984	570,929	206,396	126,100
196,485	174,646	308,086	241,611	215,229	291,205	266,208
104,145	92,912	77,601	66,960	64,319	57,853	56,616
81,219	99,043	82,085	76,313	100,926	106,743	114,215
56,771	9,568	1,730	1,543	85,381	15,453	49,673
20,180	28,100	35,063	16,481	23,072	8,130	43,333
249,670	292,627	209,390	207,594	215,967	179,384	149,803
1,788,281	1,154,823	910,650	978,486	1,275,954	867,598	1,166,079
1,603,056	1,411,315	1,286,616	1,164,053	1,015,083	960,093	829,128
—	—	—	—	—	—	—
184,048	110,539	20,126	—	9,206	78,089	8,924
424,281	427,553	445,387	359,299	381,164	428,947	350,521
297,743	287,373	340,963	358,787	457,196	438,936	375,133
61,642	51,157	48,744	37,563	41,524	47,670	46,107
$ 10,010,889	$ 9,075,072	$ 8,581,006	$ 7,919,069	$ 7,484,518	$ 7,270,288	$ 6,753,937

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30			
	2020	2019	2018	2017
	(In thousands, except per share data)			
Operating revenues				
Distribution segment[1]	$ 2,626,993	$ 2,745,461	$ 3,003,047	$ 2,649,175
Pipeline and storage segment	609,339	567,024	507,713	457,030
Natural gas marketing segment [1]	—	—	—	—
Intersegment eliminations	(415,195)	(410,637)	(395,214)	(346,470)
Total operating revenues	2,821,137	2,901,848	3,115,546	2,759,735
Purchased gas cost				
Distribution segment[1]	1,071,227	1,268,591	1,559,836	1,269,456
Pipeline and storage segment	1,548	(360)	1,978	2,506
Natural gas marketing segment [1]	—	—	—	—
Intersegment eliminations	(413,921)	(409,394)	(393,966)	(346,426)
Total purchased gas cost	658,854	858,837	1,167,848	925,536
Operating expenses[2]				
Operation	572,013	577,853	524,725	519,391
Maintenance	57,588	52,455	70,070	19,325
Depreciation and amortization	429,828	391,456	361,083	319,448
Asset impairments	—	—	—	—
Taxes, other than income	278,755	275,189	263,886	240,407
Total operating expenses	1,338,184	1,296,953	1,219,764	1,098,571
Operating income	824,099	746,058	727,934	735,628
Other non-operating income (expense)[2]				
Interest income	2,932	4,160	1,450	1,158
Miscellaneous income (expense)	4,239	3,244	(11,594)	(12,510)
Total other non-operating income (expense)	7,171	7,404	(10,144)	(11,352)
Interest charges	84,474	103,153	106,646	120,182
Income tax expense	166,315	138,903	166,862	221,383
Non-cash income tax benefits [3]	(20,962)	—	(158,782)	—
Income from continuing operations	601,443	511,406	603,064	382,711
Discontinued operations, net [1]	—	—	—	10,994
Gain on sale of discontinued operations, net [1]	—	—	—	2,716
Net income	$ 601,443	$ 511,406	$ 603,064	$ 396,421
Diluted earnings per share				
Income per share from continuing operations	$ 4.89	$ 4.35	$ 5.43	$ 3.60
Income per share from discontinued operations	—	—	—	0.13
Net income per share - diluted	$ 4.89	$ 4.35	$ 5.43	$ 3.73
Weighted average shares outstanding - diluted	122,872	117,461	111,012	106,100
Cash dividends per share	$ 2.30	$ 2.10	$ 1.94	$ 1.80
Non-GAAP reconciliation[3]				
Income from continuing operations	$ 601,443	$ 511,406	$ 603,064	$ 382,711
Non-cash income tax benefits	(20,962)	—	(158,782)	—
Adjusted income from continuing operations	$ 580,481	$ 511,406	$ 444,282	$ 382,711
Diluted income per share from continuing operations	$ 4.89	$ 4.35	$ 5.43	$ 3.60
Diluted EPS from non-cash income tax benefits	(0.17)	—	(1.43)	—
Adjusted diluted EPS from continuing operations	$ 4.72	$ 4.35	$ 4.00	$ 3.60

[1] In January 2017, we completed the sale of our natural gas marketing operations to CenterPoint Energy Services, Inc., a subsidiary of CenterPoint Energy, Inc. (CES). The results of operations of our natural gas marketing reportable segment have been separately reported as discontinued operations for fiscal 2012 through 2017 but were not reported separately for years prior to fiscal 2012. In August 2012, we completed the sale of our distribution operations in Missouri, Illinois and Iowa and in April 2013, we completed the sale of our distribution operations in Georgia. The results of operations for these four states have been separately reported as discontinued operations for fiscal years 2010 through 2013.
[2] In fiscal 2019, we retroactively reclassified amounts related to our pension and other postretirement plans in accordance with our adoption of new accounting standards for fiscal years 2016 through 2019. These amounts were not reclassified for years prior to fiscal 2016.

2016	2015	2014	2013	2012	2011	2010
$ 2,339,778	$ 2,821,362	$ 3,139,221	$ 2,458,465	$ 2,299,013	$ 2,470,664	$ 2,783,863
427,196	384,957	337,540	299,932	265,796	219,373	203,013
—	—	—	—	—	2,039,123	2,156,309
(312,326)	(279,334)	(232,857)	(185,909)	(160,542)	(428,495)	(472,474)
2,454,648	2,926,985	3,243,904	2,572,488	2,404,267	4,300,665	4,670,711
1,058,576	1,574,447	1,952,869	1,368,512	1,261,234	1,452,721	1,785,221
(58)	562	2,048	12,493	1,931	—	—
—	—	—	—	—	1,974,123	2,042,218
(312,326)	(279,334)	(232,857)	(185,909)	(160,542)	(426,999)	(470,864)
746,192	1,295,675	1,722,060	1,195,096	1,102,623	2,999,845	3,356,575
521,149	498,424	467,277	438,796	409,107	417,784	426,759
17,443	17,982	15,199	19,453	24,505	25,181	27,862
290,791	272,408	251,672	232,845	235,853	223,832	208,539
—	—	—	—	5,288	30,270	—
221,843	230,264	210,474	185,853	179,619	177,767	187,143
1,051,226	1,019,078	944,622	876,947	854,372	874,834	850,303
665,368	612,232	577,222	500,445	447,272	425,986	463,833
709	682	1,002	592	364	676	970
(943)	(1,501)	(4,005)	2,663	(15,076)	20,508	(1,561)
(234)	(819)	(3,003)	3,255	(14,712)	21,184	(591)
114,812	116,241	129,276	128,091	139,356	150,763	154,188
196,642	189,549	174,612	143,231	99,172	106,819	119,203
—	—	—	—	—	—	—
345,542	305,623	270,331	232,378	194,032	189,588	189,851
4,562	9,452	19,486	5,522	16,336	18,013	15,988
—	—	—	5,294	6,349	—	—
$ 350,104	$ 315,075	$ 289,817	$ 243,194	$ 216,717	$ 207,601	$ 205,839
$ 3.33	$ 3.00	$ 2.76	$ 2.52	$ 2.12	$ 2.07	$ 2.03
0.05	0.09	0.20	0.12	0.25	0.20	0.17
$ 3.38	$ 3.09	$ 2.96	$ 2.64	$ 2.37	$ 2.27	$ 2.20
103,524	101,892	97,608	91,711	91,172	90,652	92,422
$ 1.68	$ 1.56	$ 1.48	$ 1.40	$ 1.38	$ 1.36	$ 1.34
$ 345,542	$ 305,623	$ 270,331	$ 232,378	$ 194,032	$ 189,588	$ 189,851
—	—	—	—	—	—	—
$ 345,542	$ 305,623	$ 270,331	$ 232,378	$ 194,032	$ 189,588	$ 189,851
$ 3.33	$ 3.00	$ 2.76	$ 2.52	$ 2.12	$ 2.07	$ 2.03
—	—	—	—	—	—	—
$ 3.33	$ 3.00	$ 2.76	$ 2.52	$ 2.12	$ 2.07	$ 2.03

(3) In fiscal 2020, due to the passage of Kansas House Bill 2585, we remeasured our deferred tax liability and updated our state deferred tax rate. As a result, we recorded a non-cash income tax benefit of $21.0 million for the fiscal year ended September 30, 2020. Additionally, the enactment of the Tax Cuts and Jobs Act of 2017 (the TCJA) required us to remeasure our deferred tax assets and liabilities at our new federal statutory income tax rate as of December 22, 2017. The remeasurement of our net deferred tax liabilities resulted in the recognition of a non-cash income tax benefit of $158.8 million for the fiscal year ended September 30, 2018. Due to the non-recurring nature of these benefits, we believe that net income and diluted net income per share before the non-cash income tax benefits provide a more relevant measure to analyze our financial performance than net income and diluted net income per share in order to allow investors to better analyze our core results and allow the information to be presented on a comparative basis.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2009	92,551,709	$ 463	$ 1,791,129	$ (20,184)	$ 405,353	$ 2,176,761
Comprehensive income:						
Net income	—	—	—	—	205,839	205,839
Unrealized holding gains on investments, net	—	—	—	1,745	—	1,745
Interest rate agreements, net	—	—	—	2,030	—	2,030
Cash flow hedges, net	—	—	—	(6,963)	—	(6,963)
Total comprehensive income						202,651
Repurchase of common stock	(2,958,580)	(15)	(100,435)	—	—	(100,450)
Repurchase of equity awards	(37,365)	—	(1,191)	—	—	(1,191)
Cash dividends	—	—	—	—	(124,287)	(124,287)
Common stock issued						
Direct stock purchase plan	103,529	1	2,881	—	—	2,882
Retirement savings plan	79,722	—	2,281	—	—	2,281
Long-term incentive plan	421,706	2	8,708	—	—	8,710
Employee stock-based compensation	—	—	10,894	—	—	10,894
Outside directors stock-for-fee plan	3,382	—	97	—	—	97
Balance, September 30, 2010	90,164,103	451	1,714,364	(23,372)	486,905	2,178,348
Comprehensive income:						
Net income	—	—	—	—	207,601	207,601
Unrealized holding losses on investments, net	—	—	—	(1,647)	—	(1,647)
Interest rate agreements, net	—	—	—	(28,689)	—	(28,689)
Cash flow hedges, net	—	—	—	5,248	—	5,248
Total comprehensive income						182,513
Repurchase of common stock	(375,468)	(2)	2	—	—	—
Repurchase of equity awards	(169,793)	(1)	(5,298)	—	—	(5,299)
Cash dividends	—	—	—	—	(124,011)	(124,011)
Common stock issued						
Direct stock purchase plan	—	—	—	—	—	(54)
Long-term incentive plan	675,255	3	13,886	—	—	13,889
Employee stock-based compensation	—	—	9,958	—	—	9,958
Outside directors stock-for-fee plan	2,385	—	—	—	—	77
Balance, September 30, 2011	90,296,482	451	1,732,935	(48,460)	570,495	2,255,421
Comprehensive income:						
Net income	—	—	—	—	216,717	216,717
Unrealized holding gains on investments, net	—	—	—	3,103	—	3,103
Interest rate agreements, net	—	—	—	(10,116)	—	(10,116)
Cash flow hedges, net	—	—	—	7,866	—	7,866
Total comprehensive income						217,570
Repurchase of common stock	(387,991)	(2)	(12,533)	—	—	(12,535)
Repurchase of equity awards	(153,255)	—	(5,219)	—	—	(5,219)
Cash dividends	—	—	—	—	(125,796)	(125,796)
Common stock issued						
Direct stock purchase plan	—	—	(65)	—	—	(65)
Long-term incentive plan	482,289	2	12,519	—	(484)	12,037
Employee stock-based compensation	—	—	17,752	—	—	17,752
Outside directors stock-for-fee plan	2,375	—	78	—	—	78
Balance, September 30, 2012	90,239,900	$ 451	$ 1,745,467	$ (47,607)	$ 660,932	$ 2,359,243

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2012	90,239,900	$ 451	$ 1,745,467	$ (47,607)	$ 660,932	$ 2,359,243
Comprehensive income:						
Net income	—	—	—	—	243,194	243,194
Unrealized holding losses on investments, net	—	—	—	(213)	—	(213)
Interest rate agreements, net	—	—	—	82,179	—	82,179
Cash flow hedges, net	—	—	—	4,519	—	4,519
Total comprehensive income						329,679
Repurchase of equity awards	(133,449)	—	(5,150)	—	—	(5,150)
Cash dividends	—	—	—	—	(128,115)	(128,115)
Common stock issued						
Direct stock purchase plan	—	—	(50)	—	—	(50)
Long-term incentive plan	531,672	2	9,530	—	(744)	8,788
Employee stock-based compensation	—	—	15,934	—	—	15,934
Outside directors stock-for-fee plan	2,088	—	80	—	—	80
Balance, September 30, 2013	90,640,211	453	1,765,811	38,878	775,267	2,580,409
Comprehensive income:						
Net income	—	—	—	—	289,817	289,817
Unrealized holding gains on investments, net	—	—	—	2,214	—	2,214
Interest rate agreements, net	—	—	—	(56,287)	—	(56,287)
Cash flow hedges, net	—	—	—	2,802	—	2,802
Total comprehensive income						238,546
Repurchase of equity awards	(190,134)	(1)	(8,716)	—	—	(8,717)
Cash dividends	—	—	—	—	(146,248)	(146,248)
Common stock issued						
Public offering	9,200,000	46	390,159	—	—	390,205
Direct stock purchase plan	83,150	1	4,066	—	—	4,067
Long-term incentive plan	653,130	3	5,214	—	(864)	4,353
Employee stock-based compensation	—	—	23,536	—	—	23,536
Outside directors stock-for-fee plan	1,735	—	81	—	—	81
Balance, September 30, 2014	100,388,092	502	2,180,151	(12,393)	917,972	3,086,232
Comprehensive income:						
Net income	—	—	—	—	315,075	315,075
Unrealized holding losses on investments, net	—	—	—	(2,713)	—	(2,713)
Interest rate agreements, net	—	—	—	(70,461)	—	(70,461)
Cash flow hedges, net	—	—	—	(23,763)	—	(23,763)
Total comprehensive income						218,138
Repurchase of equity awards	(148,464)	(1)	(7,984)	—	—	(7,985)
Cash dividends	—		—	—	(160,018)	(160,018)
Common stock issued						
Direct stock purchase plan	176,391	1	10,625	—	—	10,626
Retirement savings plan	398,047	2	20,324	—	—	20,326
Long-term incentive plan	664,752	3	2,263	—	—	2,266
Employee stock-based compensation	—	—	25,212	—	—	25,212
Outside directors stock-for-fee plan						
Balance, September 30, 2015	101,478,818	$ 507	$ 2,230,591	$ (109,330)	$ 1,073,029	$ 3,194,797

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2015	101,478,818	$ 507	$ 2,230,591	$ (109,330)	$ 1,073,029	$ 3,194,797
Comprehensive income:						
Net income	—	—	—	—	350,104	350,104
Unrealized holding losses on investments, net	—	—	—	(465)	—	(465)
Interest rate agreements, net	—	—	—	(98,682)	—	(98,682)
Cash flow hedges, net	—	—	—	20,455	—	20,455
Total comprehensive income						271,412
Cash dividends	—	—	—	—	(175,126)	(175,126)
Cumulative effect of accounting change	—	—	—	—	15	14,527
Common stock issued						
Public offering	1,360,756	7	98,567	—	—	98,574
Direct stock purchase plan	133,133	1	9,228	—	—	9,229
Retirement savings plan	359,414	2	25,047	—	—	25,049
Long-term incentive plan	598,439	3	3,175	—	—	3,178
Employee stock-based compensation	—	—	21,419	—	—	21,419
Balance, September 30, 2016	103,930,560	520	2,388,027	(188,022)	1,262,534	3,463,059
Comprehensive income:						
Net income	—	—	—	—	396,421	396,421
Unrealized holding gains on investments, net	—	—	—	2,564	—	2,564
Interest rate agreements, net	—	—	—	75,222	—	75,222
Cash flow hedges, net	—	—	—	4,982	—	4,982
Total comprehensive income						479,189
Cash dividends	—	—	—	—	(191,931)	(191,931)
Common stock issued						
Public offering	1,303,494	6	98,749	—	—	98,755
Direct stock purchase plan	112,592	1	8,970	—	—	8,971
Retirement savings plan	228,326	1	17,551	—	—	17,552
Long-term incentive plan	529,662	3	3,698	—	—	3,701
Employee stock-based compensation	—	—	19,370	—	—	19,370
Balance, September 30, 2017	106,104,634	531	2,536,365	(105,254)	1,467,024	3,898,666
Comprehensive income:						
Net income	—	—	—	—	603,064	603,064
Unrealized holding losses on investments, net	—	—	—	(395)	—	(395)
Interest rate agreements, net	—	—	—	44,936	—	44,936
Total comprehensive income						647,605
Cash dividends	—	—	—	—	(214,906)	(214,906)
Cumulative effect of accounting change	—	—	—	(22,934)	22,934	—
Common stock issued						
Public offering	4,558,404	22	395,070	—	—	395,092
Direct stock purchase plan	131,213	1	11,322	—	—	11,323
Retirement savings plan	94,081	—	8,240	—	—	8,240
Long-term incentive plan	385,351	2	3,469	—	—	3,471
Employee stock-based compensation	—	—	20,460	—	—	20,460
Balance, September 30, 2018	111,273,683	$ 556	$ 2,974,926	$ (83,647)	$ 1,878,116	$ 4,769,951

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2018	111,273,683	$ 556	$ 2,974,926	$ (83,647)	$ 1,878,116	$ 4,769,951
Comprehensive income:						
Net income	—	—	—	—	511,406	511,406
Unrealized holding gains on investments, net	—	—	—	218	—	218
Interest rate agreements, net	—	—	—	(22,944)	—	(22,944)
Total comprehensive income						488,680
Cash dividends	—	—	—	—	(245,717)	(245,717)
Cumulative effect of accounting change	—	—	—	(8,210)	8,210	—
Common stock issued						
Public offering	7,574,111	38	694,065	—	—	694,103
Direct stock purchase plan	110,063	1	11,070	—	—	11,071
Retirement savings plan	81,456	—	8,252	—	—	8,252
Long-term incentive plan	299,612	2	2,946	—	—	2,948
Employee stock-based compensation	—	—	20,935	—	—	20,935
Balance, September 30, 2019	119,338,925	597	3,712,194	(114,583)	2,152,015	5,750,223
Comprehensive income:						
Net income	—	—	—	—	601,443	601,443
Unrealized holding gains on investments, net	—	—	—	106	—	106
Interest rate agreements, net	—	—	—	56,888	—	56,888
Total comprehensive income						658,437
Cash dividends	—	—	—	—	(282,444)	(282,444)
Common stock issued						
Public offering	6,101,916	30	624,272	—	—	624,302
Direct stock purchase plan	107,989	1	11,325	—	—	11,326
Retirement savings plan	78,941	—	8,222	—	—	8,222
Long-term incentive plan	254,706	1	2,748	—	—	2,749
Employee stock-based compensation	—	—	18,388	—	—	18,388
Balance, September 30, 2020	125,882,477	$ 629	$ 4,377,149	$ (57,589)	$ 2,471,014	$ 6,791,203

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30			
	2020	2019	2018	2017
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 601,443	$ 511,406	$ 603,064	$ 396,421
Adjustments to reconcile net income to net cash provided by operating activities:				
Asset impairments	—	—	—	—
Gain on sale of discontinued operations	—	—	—	(12,931)
One-time income tax benefit	(20,962)	—	(158,782)	—
Depreciation and amortization	429,828	391,456	361,083	319,633
Deferred income taxes	155,322	132,004	158,271	227,183
Other	6,044	10,589	26,165	10,051
Net assets/liabilities from risk management activities	2,966	(1,108)	688	25,592
Changes in assets and liabilities net of effect of acquisitions				
(Increase) decrease in accounts receivable	7,167	18,724	(29,208)	(58,696)
(Increase) decrease in gas stored underground	18,188	35,594	18,921	(35,126)
(Increase) decrease in deferred gas cost	(23,518)	(96,053)	143,882	(22,691)
(Increase) decrease in other current assets	(14,950)	(4,534)	(4,430)	1,967
(Increase) decrease in deferred charges and other assets	(30,224)	(58,428)	(10,602)	103,078
Increase (decrease) in accounts payable and accrued liabilities	7,359	9,908	(11,857)	53,017
Increase (decrease) in taxes payable	12,143	14,915	7,166	11,834
Increase (decrease) in customer deposits	(2,261)	(281)	(2,468)	(22,412)
Increase (decrease) in other current liabilities	(142,761)	(42,253)	(9,051)	(63,774)
Increase (decrease) in deferred credits and other liabilities	32,215	46,830	31,820	(66,056)
Net cash provided by operating activities	1,037,999	968,769	1,124,662	867,090
CASH FLOWS USED IN INVESTING ACTIVITIES				
Capital expenditures	(1,935,676)	(1,693,477)	(1,467,591)	(1,137,089)
Available-for-sale securities activities, net	491	(2,784)	(8,325)	(12,473)
Acquisition	—	—	—	(86,128)
Proceeds from sale of discontinued operations	—	4,000	3,000	140,253
Other, net	9,667	8,601	9,350	39,131
Net cash used in investing activities	(1,925,518)	(1,683,660)	(1,463,566)	(1,056,306)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase (decrease) in short-term debt	(464,915)	(110,865)	128,035	(382,066)
Net proceeds from issuance of long-term debt	999,450	1,045,221	—	884,911
Settlement of interest rate agreements	(4,426)	(90,141)	—	(36,996)
Unwinding of Treasury lock agreements	—	—	—	—
Repayment of long-term debt	—	(575,000)	—	(250,000)
Cash dividends paid	(282,444)	(245,717)	(214,906)	(191,931)
Interest rate agreements cash collateral	—	—	—	25,670
Repurchase of common stock	—	—	—	—
Repurchase of equity awards	—	—	—	—
Issuance of common stock	19,548	19,323	19,563	26,523
Net proceeds from equity offering	624,302	694,103	395,092	98,755
Other	(7,738)	(11,254)	(1,518)	(6,775)
Net cash provided (used) by financing activities	883,777	725,670	326,266	168,091
Net increase (decrease) in cash and cash equivalents	(3,742)	10,779	(12,638)	(21,125)
Cash and cash equivalents at beginning of year	24,550	13,771	26,409	47,534
Cash and cash equivalents at end of year	$ 20,808	$ 24,550	$ 13,771	$ 26,409

2016	2015	2014	2013	2012	2011	2010
$ 350,104	$ 315,075	$ 289,817	$ 243,194	$ 216,717	$ 207,601	$ 205,839
—	—	—	—	5,288	30,270	—
—	—	—	(8,203)	(9,868)	—	—
—	—	—	—	—	—	—
293,096	274,796	253,987	236,928	246,093	233,155	216,960
193,556	192,886	189,952	141,336	104,319	117,353	196,731
21,446	22,261	24,671	16,165	18,682	15,536	23,491
18,317	(16,003)	(10,183)	(10,089)	12,507	(20,806)	(6,110)
(4,847)	48,240	(41,408)	(73,669)	32,578	(96)	(40,401)
20,577	33,234	(31,996)	31,979	28,417	27,737	54,014
(57,058)	11,855	16,159	20,441	(3,924)	(85,661)	(31,692)
1,059	(7,156)	(9,915)	(2,068)	10,448	3,364	755
(23,406)	51,552	27,463	114,990	(44,750)	(42,749)	1,788
(5,195)	(59,112)	60,465	26,787	(74,626)	26,914	58,069
10,783	16,073	10,641	2,641	8,592	1,237	6,795
(13,989)	14,740	5,437	(4,688)	(801)	(8,856)	(6,233)
(23,788)	(30,792)	(32,434)	(37,716)	(585)	16,756	(8,872)
14,335	(55,735)	(19,843)	(93,585)	22,780	70,053	55,342
794,990	811,914	732,813	604,443	571,867	591,808	726,476
(1,086,950)	(963,621)	(824,441)	(837,112)	(724,180)	(618,210)	(542,636)
758	1,597	(2,647)	(8,089)	(6,993)	(13,267)	—
—	—	—	—	—	—	—
—	—	—	153,023	128,223	—	—
6,460	5,422	2,109	(1,177)	(1,652)	(1,863)	(66)
(1,079,732)	(956,602)	(824,979)	(693,355)	(604,602)	(633,340)	(542,702)
371,884	261,232	(171,289)	(202,945)	364,533	80,296	54,268
—	499,060	—	499,060	—	398,712	—
—	13,364	—	(66,626)	—	20,079	—
—	—	—	—	—	27,803	—
—	(500,000)	—	(131)	(257,034)	(360,131)	(131)
(175,126)	(160,018)	(146,248)	(128,115)	(125,796)	(124,011)	(124,287)
(25,670)	—	—	—	—	—	—
—	—	—	—	(12,535)	—	(100,450)
—	(7,985)	(8,717)	(5,150)	(5,219)	(5,299)	(1,191)
34,278	30,952	4,274	46	1,606	7,796	8,766
98,574	—	390,205	—	—	—	—
(317)	(5,522)	—	(5,267)	—	(4,246)	—
303,623	131,083	68,225	90,872	(34,445)	40,999	(163,025)
18,881	(13,605)	(23,941)	1,960	(67,180)	(533)	20,749
28,653	42,258	66,199	64,239	131,419	131,952	111,203
$ 47,534	$ 28,653	$ 42,258	$ 66,199	$ 64,239	$ 131,419	$ 131,952

PROPERTY, PLANT AND EQUIPMENT

Year ended	Balance at beginning of period	Additions at cost [1]	Retirements or sales	Other [2]	Balance at end of period
			(In thousands)		
Regulated plant	$ 5,881,826	$ 469,295	$ (65,782)	$ (566)	$ 6,284,773
Nonregulated plant	99,594	1,981	(855)	(1,097)	99,623
Construction in progress	105,198	32,799	—	19,925	157,922
September 30, 2010	$ 6,086,618	$ 504,075	$ (66,637)	$ 18,262	$ 6,542,318
Regulated plant	$ 6,284,773	$ 508,423	$ (94,337)	$ (182,631)	$ 6,516,228
Nonregulated plant	99,623	1,166	—	(9,465)	91,324
Construction in progress	157,922	51,983	—	(663)	209,242
September 30, 2011	$ 6,542,318	$ 561,572	$ (94,337)	$ (192,759)	$ 6,816,794
Regulated plant	$ 6,516,228	$ 591,330	$ (166,041)	$ (188,737)	$ 6,752,780
Nonregulated plant	91,324	18,916	(3)	(2,659)	107,578
Construction in progress	209,242	66,394	—	(1,524)	274,112
September 30, 2012	$ 6,816,794	$ 676,640	$ (166,044)	$ (192,920)	$ 7,134,470
Regulated plant	$ 6,752,780	$ 806,563	$ (217,916)	$ (928)	$ 7,340,499
Nonregulated plant	107,578	1,746	(3,551)	—	105,773
Construction in progress	274,112	(551)	—	2,186	275,747
September 30, 2013	$ 7,134,470	$ 807,758	$ (221,467)	$ 1,258	$ 7,722,019
Regulated plant	$ 7,340,499	$ 865,010	$ (119,943)	$ 8,995	$ 8,094,561
Nonregulated plant	105,773	359	(822)	250	105,560
Construction in progress	275,747	(28,168)	—	—	247,579
September 30, 2014	$ 7,722,019	$ 837,201	$ (120,765)	$ 9,245	$ 8,447,700
Regulated plant	$ 8,094,561	$ 915,803	$ (153,206)	$ (613)	$ 8,856,545
Nonregulated plant	105,560	3,128	(4,778)	(29,201)	74,709
Construction in progress	247,579	32,819	—	23	280,421
September 30, 2015	$ 8,447,700	$ 951,750	$ (157,984)	$ (29,791)	$ 9,211,675
Regulated plant	$ 8,856,545	$ 1,206,182	$ (184,595)	$ 3,246	$ 9,881,378
Nonregulated plant	74,709	2,285	(435)	690	77,249
Construction in progress	280,421	(96,336)	—	(206)	183,879
September 30, 2016	$ 9,211,675	$ 1,112,131	$ (185,030)	$ 3,730	$ 10,142,506
Regulated plant	$ 9,881,378	$ 1,168,033	$ (133,938)	$ 27,590	$ 10,943,063
Nonregulated plant	77,249	1,621	(944)	(19,079)	58,847
Construction in progress	183,879	115,332	—	183	299,394
September 30, 2017	$ 10,142,506	$ 1,284,986	$ (134,882)	$ 8,694	$ 11,301,304
Regulated plant	$ 10,943,063	$ 1,385,864	$ (169,455)	$ (177)	$ 12,159,295
Nonregulated plant	58,847	89	(486)	(97)	58,353
Construction in progress	299,394	50,331	—	—	349,725
September 30, 2018	$ 11,301,304	$ 1,436,284	$ (169,941)	$ (274)	$ 12,567,373
Regulated plant	$ 12,159,295	$ 1,693,865	$ (158,056)	$ 3,557	$ 13,698,661
Nonregulated plant	58,353	1,946	(61)	—	60,238
Construction in progress	349,725	71,969	—		421,694
September 30, 2019	$ 12,567,373	$ 1,767,780	$ (158,117)	$ 3,557	$ 14,180,593
Regulated plant	$ 13,698,661	$ 1,954,958	$ (178,141)	$ 3,134	$ 15,478,612
Nonregulated plant	60,238	1,081	(765)	—	60,554
Construction in progress	421,694	(3,639)	—		418,055
September 30, 2020	$ 14,180,593	$ 1,952,400	$ (178,906)	$ 3,134	$ 15,957,221

[1] Additions at cost include capital expenditures and acquisitions treated as a purchase.
[2] Other includes the reclassification of assets held for sale to other current assets.

ACCUMULATED DEPRECIATION AND AMORTIZATION

Year ended	Balance at beginning of period	Additions charged to costs and expenses	Deductions - retirements, renewals and replacements	Other [1]	Balance at end of period
			(In thousands)		
September 30, 2010	$ 1,647,515	$ 217,133	$ (115,405)	$ —	$ 1,749,243
September 30, 2011	$ 1,749,243	$ 233,383	$ (258,083)	$ (55,667)	$ 1,668,876
September 30, 2012	$ 1,668,876	$ 246,577	$ (210,706)	$ (45,881)	$ 1,658,866
September 30, 2013	$ 1,658,866	$ 237,607	$ (210,688)	$ 5,579	$ 1,691,364
September 30, 2014	$ 1,691,364	$ 254,956	$ (224,526)	$ —	$ 1,721,794
September 30, 2015	$ 1,721,794	$ 276,005	$ (188,279)	$ (14,545)	$ 1,794,975
September 30, 2016	$ 1,794,975	$ 293,096	$ (211,987)	$ (2,184)	$ 1,873,900
September 30, 2017	$ 1,873,900	$ 319,633	$ (151,411)	$ —	$ 2,042,122
September 30, 2018	$ 2,042,122	$ 361,083	$ (206,979)	$ —	$ 2,196,226
September 30, 2019	$ 2,196,226	$ 391,456	$ (194,758)	$ —	$ 2,392,924
September 30, 2020	$ 2,392,924	$ 429,828	$ (220,878)	$ —	$ 2,601,874

Depreciation is provided at various rates on a straight-line basis over the estimated useful lives of the assets.

[1] Other includes accumulated amortization from acquisitions treated as a purchase and the reclassification of assets held for sale to other current assets.

LONG-TERM AND SHORT-TERM DEBT

	September 30			
	2020	2019	2018	2017
	(In thousands)			
Long-term Debt				
Finance lease obligations	$ 8,631	$ —	$ —	$ —
Floating-rate term loan, due 4/09/2022	200,000	—	—	—
Unsecured 3.375% Senior Notes, due 9/15/2049	500,000	—	—	—
Unsecured 2.625% Senior Notes, due 9/15/2029	300,000	—	—	—
Unsecured 4.125% Senior Notes, due 3/15/2049	450,000	450,000	—	—
Unsecured 4.30% Senior Notes, due 10/01/2048	600,000	600,000	—	—
Unsecured 8.50% Senior Notes, due 3/15/2019	—	—	450,000	450,000
Unsecured 3.00% Senior Notes, due 6/15/2027	500,000	500,000	500,000	500,000
Unsecured 5.95% Senior Notes, due 10/15/2034	200,000	200,000	200,000	200,000
Unsecured 5.50% Senior Notes, due 6/15/2041	400,000	400,000	400,000	400,000
Unsecured 4.15% Senior Notes, due 1/15/2043	500,000	500,000	500,000	500,000
Unsecured 4.125% Senior Notes, due 10/15/2044	750,000	750,000	750,000	750,000
Unsecured 6.75% Debentures due 7/15/2028	150,000	150,000	150,000	150,000
Medium term notes, 6.27% through 6.67%, due 2010 through 2025	10,000	10,000	10,000	10,000
Three year multi-draw term loan, due September 2019	—	—	125,000	125,000
Unsecured 6.35% Senior Notes, redeemed June 2017	—	—	—	—
Unsecured 4.95% Senior Notes, redeemed October 2014	—	—	—	—
Rental property fixed rate term note 7.9%, due in installments through 2013	—	—	—	—
Unsecured 5.125% Senior Notes, redeemed August 2012	—	—	—	—
Unsecured 10% Notes, redeemed December 2011	—	—	—	—
Unsecured 7.375% Senior Notes, redeemed May 2011	—	—	—	—
Total face amount Long-term Debt	4,568,631	3,560,000	3,085,000	3,085,000
Net original issue premium (discount)	(583)	(193)	4,439	4,384
Less unamortized debt expense	(36,104)	(30,355)	(20,774)	(22,339)
Less amounts classified as current	(165)	—	(575,000)	—
Total Net Long-term Debt	$ 4,531,779	$ 3,529,452	$ 2,493,665	$ 3,067,045
Short-term Debt				
Current maturities of long-term debt [(1)]	$ 165	$ —	$ 575,000	$ —
Short-term debt	—	464,915	575,780	447,745
Total short-term debt	$ 165	$ 464,915	$ 1,150,780	$ 447,745
Weighted Average Cost of Debt				
Long-term debt (including current maturities) [(2)]	4.3%	4.7%	5.2%	5.2%
Short-term debt	1.2%	4.9%	2.6%	1.5%
Total	4.3%	4.7%	4.8%	4.7%

[(1)] Beginning in fiscal 2020, due to the adoption of new accounting standards, current maturities of long-term debt includes amounts related to our finance lease obligations.
[(2)] Weighted average cost of debt calculations excludes amounts related to our finance lease obligations, which beginning in fiscal 2020, due to the adoption of new accounting standards is reported withing Long-term debt.

2016	2015	2014	2013	2012	2011	2010
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
450,000	450,000	450,000	450,000	450,000	450,000	450,000
—	—	—	—	—	—	—
200,000	200,000	200,000	200,000	200,000	200,000	200,000
400,000	400,000	400,000	400,000	400,000	400,000	—
500,000	500,000	500,000	500,000	—	—	—
500,000	500,000	—	—	—	—	—
150,000	150,000	150,000	150,000	150,000	150,000	150,000
10,000	10,000	10,000	10,000	10,000	10,000	20,000
—	—	—	—	—	—	—
250,000	250,000	250,000	250,000	250,000	250,000	250,000
—	—	500,000	500,000	500,000	500,000	500,000
—	—	—	—	131	262	393
—	—	—	—	—	250,000	250,000
—	—	—	—	—	2,303	2,303
—	—	—	—	—	—	350,000
2,460,000	2,460,000	2,460,000	2,460,000	1,960,131	2,212,565	2,172,696
(4,270)	(4,612)	(4,014)	(4,329)	(3,695)	(4,014)	(3,014)
(16,951)	(17,873)	(13,698)	(15,199)	(11,157)	(12,583)	(9,854)
(250,000)	—	—	—	(131)	(2,434)	(360,131)
$ 2,188,779	$ 2,437,515	$ 2,442,288	$ 2,440,472	$ 1,945,148	$ 2,193,534	$ 1,799,697

2016	2015	2014	2013	2012	2011	2010
$ 250,000	$ —	$ —	$ —	$ 131	$ 2,434	$ 360,131
829,811	457,927	196,695	367,984	570,929	206,396	126,100
$ 1,079,811	$ 457,927	$ 196,695	$ 367,984	$ 571,060	$ 208,830	$ 486,231

2016	2015	2014	2013	2012	2011	2010
6.0%	5.9%	6.2%	6.2%	6.6%	6.5%	6.9%
1.1%	1.2%	1.1%	1.3%	1.9%	1.9%	4.9%
4.8%	5.2%	5.8%	5.6%	5.5%	6.1%	6.8%

SINKING FUND REQUIREMENTS
LONG-TERM DEBT OUTSTANDING[1]

Year ending September 30	2020	2021	2022	2023	2024
	(In thousands)				
Floating-rate term loan, due April 2022	$ 200,000	$ —	$ 200,000	$ —	$ —
3.375% Sr. Notes due September 2049	500,000	—	—	—	—
2.625% Sr. Notes due September 2029	300,000	—	—	—	—
4.125% Sr. Notes due March 2049	450,000	—	—	—	—
4.30% Sr. Notes due October 2048	600,000	—	—	—	—
3.00% Sr. Notes due June 2027	500,000	—	—	—	—
5.95% Sr. Notes due October 2034	200,000	—	—	—	—
5.50% Sr. Notes due June 2041	400,000	—	—	—	—
4.15% Sr. Notes due January 2043	500,000	—	—	—	—
4.125% Sr. Notes due October 2044	750,000	—	—	—	—
6.67% Medium term notes due December 2025	10,000	—	—	—	—
6.75% Debentures, due July 2028	150,000	—	—	—	—
	$ 4,560,000	$ —	$ 200,000	$ —	$ —

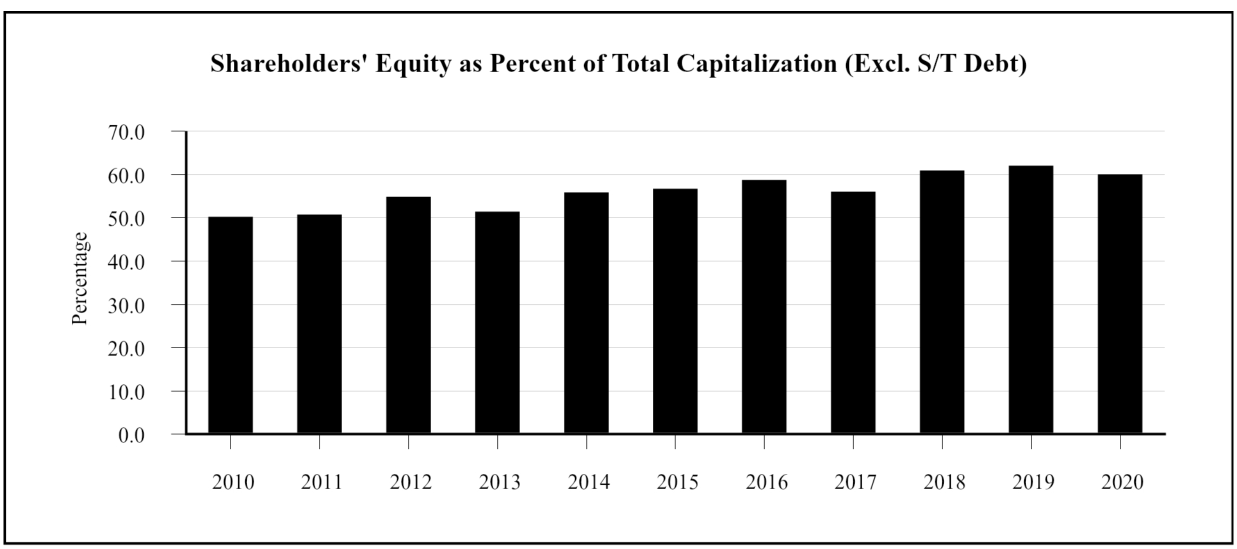
[1] Excludes amounts related to our finance lease obligations.

2025	2026	2027	2028	2029	2030	2031 - 2050
(In thousands)						
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	500,000
—	—	—	—	300,000	—	—
—	—	—	—	—	—	450,000
—	—	—	—	—	—	600,000
—	—	500,000	—	—	—	—
—	—	—	—	—	—	200,000
—	—	—	—	—	—	400,000
—	—	—	—	—	—	500,000
—	—	—	—	—	—	750,000
10,000	—	—	—	—	—	—
—	—	—	150,000	—	—	—
$ 10,000	$ —	$ 500,000	$ 150,000	$ 300,000	$ —	$ 3,400,000

CAPITALIZATION AND RATIOS

	Year Ended September 30			
	2020	2019	2018	2017
	(In thousands, except percentages)			
Capitalization				
Shareholders' equity				
Common stock	$ 629	$ 597	$ 556	$ 531
Additional paid-in capital	4,377,149	3,712,194	2,974,926	2,536,365
Retained earnings	2,471,014	2,152,015	1,878,116	1,467,024
Accumulated other comprehensive income (loss)	(57,589)	(114,583)	(83,647)	(105,254)
Shareholders' equity	6,791,203	5,750,223	4,769,951	3,898,666
Long-term debt (including current maturities)	4,531,944	3,529,452	3,068,665	3,067,045
Total capitalization (excluding short-term debt)	11,323,147	9,279,675	7,838,616	6,965,711
Short-term debt	—	464,915	575,780	447,745
Total capitalization (including short-term debt)	$ 11,323,147	$ 9,744,590	$ 8,414,396	$ 7,413,456
Capitalization Ratios				
Shareholders' equity	60.0%	62.0%	60.9%	56.0%
Long-term debt (including current maturities)	40.0%	38.0%	39.1%	44.0%
Total	100.0%	100.0%	100.0%	100.0%
Including Short-term debt				
Shareholders' equity	60.0%	59.0%	56.7%	52.6%
Long-term debt (including current maturities)	40.0%	36.2%	36.5%	41.4%
Short-term debt	—%	4.8%	6.8%	6.0%
Total	100.0%	100.0%	100.0%	100.0%

2016	2015	2014	2013	2012	2011	2010
$ 520	$ 507	$ 502	$ 453	$ 451	$ 451	$ 451
2,388,027	2,230,591	2,180,151	1,765,811	1,745,467	1,732,935	1,714,364
1,262,534	1,073,029	917,972	775,267	660,932	570,495	486,905
(188,022)	(109,330)	(12,393)	38,878	(47,607)	(48,460)	(23,372)
3,463,059	3,194,797	3,086,232	2,580,409	2,359,243	2,255,421	2,178,348
2,438,779	2,437,515	2,442,288	2,440,472	1,945,279	2,195,968	2,159,828
5,901,838	5,632,312	5,528,520	5,020,881	4,304,522	4,451,389	4,338,176
829,811	457,927	196,695	367,984	570,929	206,396	126,100
$ 6,731,649	$ 6,090,239	$ 5,725,215	$ 5,388,865	$ 4,875,451	$ 4,657,785	$ 4,464,276
58.7%	56.7%	55.8%	51.4%	54.8%	50.7%	50.2%
41.3%	43.3%	44.2%	48.6%	45.2%	49.3%	49.8%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
51.5%	52.5%	53.9%	47.9%	48.4%	48.4%	48.8%
36.2%	40.0%	42.7%	45.3%	39.9%	47.2%	48.4%
12.3%	7.5%	3.4%	6.8%	11.7%	4.4%	2.8%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

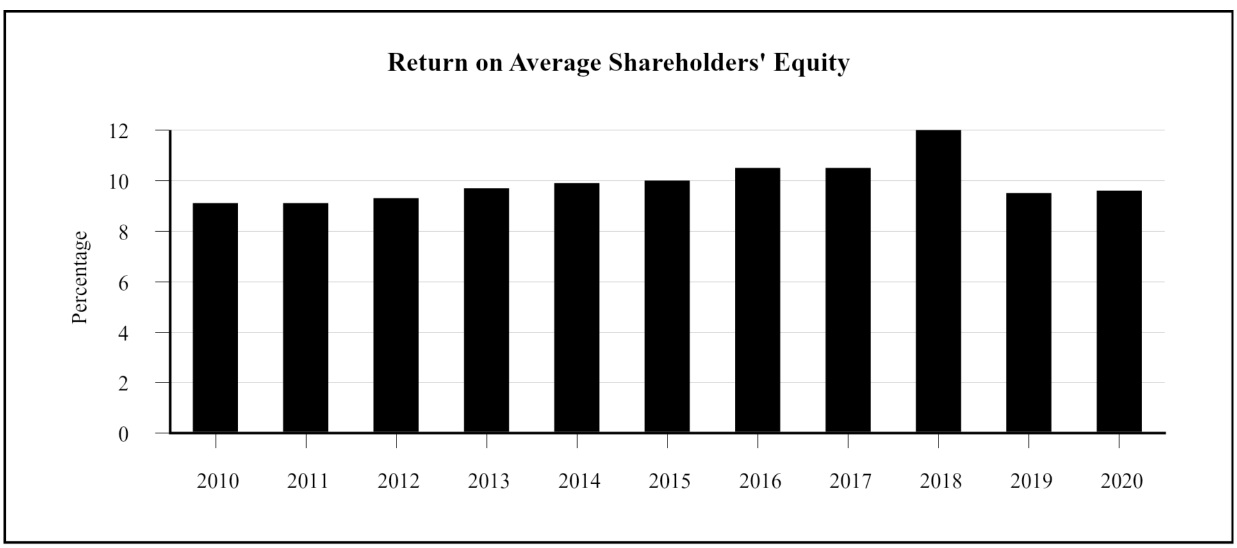


FINANCIAL AND OPERATING STATISTICS

	Year Ended September 30			
	2020	2019	2018	2017
Distribution Property Statistics				
Gross plant per meter	$ 3,545	$ 3,186	$ 2,848	$ 2,605
Net plant per meter	$ 2,984	$ 2,654	$ 2,348	$ 2,126
Distribution Expense Statistics				
O & M expense per meter				
Operation	$ 129	$ 134	$ 124	$ 125
Maintenance [1]	13	12	19	3
Total	$ 142	$ 146	$ 143	$ 128
Financial Statistics				
Return on average shareholders' equity	9.6%	9.5%	13.3%	10.5%
Times interest earned before income taxes	4.22	4.06	4.23	4.68
Market price at year end	$ 95.59	$ 113.89	$ 93.91	$ 83.84
Book value per share at end of year	$ 53.95	$ 48.18	$ 1.86	$ 36.74
Price/Earnings ratio at end of year	19.55	26.18	17.29	22.48
Market/Book ratio at end of year	1.77	2.36	50.49	2.28
Annualized dividend yield at end of year	2.4%	1.8%	2.1%	2.1%
Payout ratio	47.0%	48.3%	35.7%	48.3%
Operating Statistics				
Meters per employee - distribution	730	709	713	715
Number of employees	4,694	4,776	4,628	4,565
Miles of pipe	71,558	76,544	75,749	76,287

[1] For fiscal 2018, the maintenance expense per meter largely reflects expenses incurred after we decided to undertake a planned outage of our natural gas distribution system in Northwest Dallas that affected approximately 2,400 homes.

2016	2015	2014	2013	2012	2011	2010
$ 2,387	$ 2,222	$ 2,074	$ 1,985	$ 1,876	$ 1,767	$ 1,658
$ 1,953	$ 1,799	$ 1,670	$ 1,567	$ 1,468	$ 1,362	$ 1,243
$ 124	$ 120	$ 121	$ 121	$ 111	$ 105	$ 107
3	3	3	5	7	6	7
$ 127	$ 123	$ 124	$ 126	$ 118	$ 111	$ 114
10.5%	10.0%	9.9%	9.7%	9.3%	9.1%	9.1%
4.31	4.19	4.63	4.01	3.27	3.13	3.09
$ 74.47	$ 58.18	$ 47.70	$ 42.59	$ 35.79	$ 32.45	$ 29.25
$ 33.32	$ 31.48	$ 30.74	$ 28.47	$ 26.14	$ 24.98	$ 24.16
22.03	18.83	16.11	16.13	15.10	14.30	13.30
2.23	1.85	1.55	1.50	1.37	1.30	1.21
2.3%	2.7%	3.1%	3.3%	3.9%	4.2%	4.6%
49.7%	50.5%	50.0%	53.0%	58.2%	59.9%	60.9%
696	688	679	662	680	676	676
4,747	4,753	4,761	4,720	4,759	4,949	4,913
76,150	75,806	73,248	72,884	73,875	76,835	77,157



CUSTOMERS AND VOLUMES

	Year Ended September 30			
	2020	2019	2018	2017
Distribution meters in service (end of year)				
Residential	3,046,464	3,007,932	2,975,724	2,942,824
Commercial	276,582	273,696	270,560	268,480
Industrial	1,653	1,668	1,668	1,676
Agricultural	687	687	681	687
Public authority and other	7,795	7,852	7,703	7,738
Total distribution meters from continuing operations	3,333,181	3,291,835	3,256,336	3,221,405
Total distribution meters from discontinued operations	—	—	—	—
Total distribution meters	3,333,181	3,291,835	3,256,336	3,221,405
Pipeline and storage and natural gas marketing customers				
Industrial	93	93	93	93
Municipal	—	—	—	—
Other	227	234	226	234
Total customers	320	327	319	327
Distribution meters (% of total)				
Residential	91.4%	91.4%	91.4%	91.4%
Commercial	8.3	8.3	8.3	8.3
Public authority and other	0.2	0.2	0.2	0.2
Weather sensitive customers - continuing operations	99.9	99.9	99.9	99.9
Industrial	0.1	0.1	0.1	0.1
Agricultural	0.0	0.0	0.0	0.0
Total from continuing operations	100.0	100.0	100.0	100.0
Total from discontinued operations	0.0	0.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%
Average distribution meters in service	3,308,515	3,279,188	3,244,236	3,207,407
Heating degree days	2,727	2,669	2,650	2,584
Degree days as a % of normal	103%	102%	99%	96%
Distribution sales volumes - continuing operations (MMcf)				
Residential	161,450	173,671	161,721	126,834
Commercial	94,156	103,541	97,874	83,679
Public authority and other	6,244	6,376	6,289	5,692
Weather sensitive customers - continuing operations	261,850	283,588	265,884	216,205
Industrial	28,875	31,379	34,167	29,931
Agricultural	925	508,777	766	689
Total gas sales volumes	291,650	315,476	300,817	246,825
Transportation volumes	147,387	155,078	150,566	141,540
Total distribution throughput - continuing operations (MMcf)	439,037	470,554	451,383	388,365
Distribution sales volumes - discontinued operations (MMcf)	—	—	—	—
Distribution transportation volumes - discontinued operations (MMcf)	—	—	—	—
Consolidated distribution throughput (MMcf)	439,037	470,554	451,383	388,365
Consolidated pipeline and storage throughput (MMcf)	621,371	721,998	663,900	596,179
Consolidated natural gas marketing throughput (MMcf)	—	—	—	78,646
Distribution sales volumes (% of total)				
Residential	55.4%	55.1%	53.7%	51.4%
Commercial	32.3	32.8	32.5	33.9
Public authority and other	2.1	2.0	2.1	2.3
Weather sensitive customers - continuing operations	89.8	89.9	88.3	87.6
Industrial	9.9	9.9	11.4	12.1
Agricultural	0.3	0.2	0.3	0.3
Total from continuing operations	100.0	100.0	100.0	100.0
Total from discontinued operations	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%

2016	2015	2014	2013	2012	2011	2010
2,909,524	2,878,740	2,846,664	2,755,831	2,787,361	2,797,097	2,776,649
266,265	262,655	258,404	244,652	253,570	256,357	248,353
1,715	1,862	1,880	1,500	1,810	1,924	1,942
721	742	798	833	918	935	967
7,640	7,667	7,673	9,164	9,223	9,239	9,172
3,185,865	3,151,666	3,115,419	3,011,980	3,052,882	3,065,552	3,037,083
—	—	—	—	63,707	147,639	148,957
3,185,865	3,151,666	3,115,419	3,011,980	3,116,589	3,213,191	3,186,040
751	764	739	729	748	768	717
134	129	124	128	124	65	61
523	493	529	527	441	518	515
1,408	1,386	1,392	1,384	1,313	1,351	1,293
91.3%	91.4%	91.4%	91.5%	89.4%	87.0%	87.1%
8.4	8.3	8.3	8.1	8.1	8.0	7.8
0.2	0.2	0.2	0.3	0.3	0.3	0.3
99.9	99.9	99.9	99.9	97.8	95.3	95.2
0.1	0.1	0.1	0.1	0.1	0.1	0.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0
100.0	100.0	100.0	100.0	97.9	95.4	95.3
0.0	0.0	0.0	0.0	2.1	4.6	4.7
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3,174,247	3,139,711	3,032,567	3,087,941	3,210,500	3,203,595	3,202,651
2,622	2,608	2,685	2,729	2,692	2,733	2,780
98%	98%	102%	103%	97%	99%	102%
136,402	170,522	187,431	154,823	137,049	158,119	181,852
86,361	100,323	105,074	88,850	82,516	89,720	98,337
6,024	7,253	8,116	8,630	8,152	9,186	9,295
228,787	278,098	300,621	252,303	227,717	257,025	289,484
29,053	29,087	30,360	15,678	15,673	17,289	17,250
810	800	953	1,181	1,076	1,226	740
258,650	307,985	331,934	269,162	244,466	275,540	307,474
133,378	135,972	134,483	123,144	128,222	125,812	122,633
392,028	443,957	466,417	392,306	372,688	401,352	430,107
—	—	—	3,611	11,259	14,387	15,154
—	—	—	1,120	7,036	8,281	8,914
392,028	443,957	466,417	397,037	390,983	424,020	454,175
505,303	528,068	493,360	467,178	466,527	435,012	428,599
325,537	336,792	362,827	343,669	351,628	384,799	353,853
52.8%	55.4%	56.5%	56.8%	53.6%	54.5%	56.4%
33.4	32.6	31.7	32.6	32.3	30.9	30.5
2.3	2.3	2.3	3.2	3.2	3.2	2.9
88.5	90.3	90.5	92.6	89.1	88.6	89.8
11.2	9.4	9.2	5.7	6.1	6.0	5.3
0.3	0.3	0.3	0.4	0.4	0.4	0.2
100.0	100.0	100.0	98.7	95.6	95.0	95.3
—	—	—	1.3	4.4	5.0	4.7
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

GAS SALES AND TRANSPORTATION REVENUES

	Year Ended September 30			
	2020	2019	2018	2017
Distribution revenues (000's):				
Residential	$ 1,717,070	$ 1,733,548	$ 1,916,101	$ 1,642,918
Commercial	654,963	711,284	797,073	708,167
Industrial	89,641	118,046	131,267	133,372
Agricultural	4,453	2,356	4,514	3,910
Public authority and other	37,554	40,257	43,200	41,910
Total gas sales revenues	2,503,681	2,605,491	2,892,155	2,530,277
Transportation revenues	97,441	95,629	99,250	86,332
Other gas revenues	23,129	41,704	8,999	31,204
Total distribution revenues	2,624,251	2,742,824	3,000,404	2,647,813
Pipeline and storage revenues	196,886	159,024	115,142	111,922
Natural gas marketing revenues [1]	—	—	—	—
Total operating revenues [1] [2]	$ 2,821,137	$ 2,901,848	$ 3,115,546	$ 2,759,735
Gas sales revenue percent				
Residential	68.6 %	66.5 %	66.3 %	64.9 %
Commercial	26.1	27.3	27.5	28.0
Industrial	3.6	4.6	4.5	5.3
Agricultural	0.2	0.1	0.2	0.1
Public authority and other	1.5	1.5	1.5	1.7
Total	100.0 %	100.0 %	100.0 %	100.0 %
Distribution average gas revenues per Mcf				
Residential	$ 10.64	$ 9.98	$ 11.85	$ 12.95
Commercial	$ 6.96	$ 6.87	$ 8.14	$ 8.46
Industrial	$ 3.10	$ 3.76	$ 3.84	$ 4.46
Agricultural	$ 4.81	$ 4.63	$ 5.89	$ 5.67
Public authority and other	$ 6.01	$ 6.31	$ 6.87	$ 7.36
Total	$ 8.58	$ 8.26	$ 9.61	$ 10.25
Distribution average transportation revenue per Mcf	$ 0.64	$ 0.60	$ 0.64	$ 0.58
Distribution average cost of gas per Mcf sold	$ 3.67	$ 4.02	$ 5.19	$ 5.14

[1] Operating revenues from our discontinued natural gas marketing segment have been separately reported as discontinued operations for fiscal years 2014 through 2017. These operations were not reported separately for years prior to fiscal 2014.

[2] Operating revenues by segment have been recast for fiscal years 2014 through 2016 to be consistent with the segment realignment performed in fiscal 2017. Operating revenues by segment were not recast for years prior to fiscal 2014.

2016	2015	2014	2013	2012	2011	2010
$ 1,477,049	$ 1,761,689	$ 1,933,099	$ 1,512,495	$ 1,351,479	$ 1,535,887	$ 1,751,186
619,979	772,187	876,042	661,930	587,651	685,380	775,714
98,439	131,034	166,736	81,155	71,960	96,636	101,814
4,168	4,513	6,311	7,057	4,867	7,636	4,153
37,139	48,888	58,468	53,500	49,467	61,040	65,791
2,236,774	2,718,311	3,040,656	2,316,137	2,065,424	2,386,579	2,698,658
76,690	72,340	68,020	55,938	53,924	57,331	56,539
24,940	29,326	29,182	22,343	25,028	25,871	27,796
2,338,404	2,819,977	3,137,858	2,394,418	2,144,376	2,469,781	2,782,993
116,244	107,008	106,046	89,011	92,604	87,141	97,023
—	—	—	1,392,031	1,199,182	1,743,743	1,790,695
$ 2,454,648	$ 2,926,985	$ 3,243,904	$ 3,875,460	$ 3,436,162	$ 4,300,665	$ 4,670,711
66.0 %	64.8 %	63.6 %	65.3 %	65.4 %	64.4 %	64.9 %
27.7	28.4	28.8	28.6	28.5	28.7	28.7
4.4	4.8	5.5	3.5	3.5	4.0	3.8
0.2	0.2	0.2	0.3	0.2	0.3	0.2
1.7	1.8	1.9	2.3	2.4	2.6	2.4
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 10.83	$ 10.33	$ 10.31	$ 9.77	$ 9.86	$ 9.71	$ 9.63
$ 7.18	$ 7.70	$ 8.34	$ 7.45	$ 7.12	$ 7.64	$ 7.89
$ 3.39	$ 4.50	$ 5.49	$ 5.18	$ 4.59	$ 5.59	$ 5.90
$ 5.15	$ 5.64	$ 6.62	$ 5.98	$ 4.52	$ 6.23	$ 5.61
$ 6.17	$ 6.74	$ 7.20	$ 6.20	$ 6.07	$ 6.64	$ 7.08
$ 8.65	$ 8.83	$ 9.16	$ 8.60	$ 8.45	$ 8.66	$ 8.78
$ 0.54	$ 0.49	$ 0.47	$ 0.45	$ 0.43	$ 0.46	$ 0.46
$ 4.09	$ 5.11	$ 5.88	$ 4.91	$ 4.64	$ 5.30	$ 5.77

REGULATION AND RATES

The following table sets forth the net annual operating income changes resulting from ratemaking activity (excluding industrial and agricultural) made by the Company during the fiscal years September 30, 2010 through September 30, 2020 (in thousands):

	Increase (Decrease) to Operating Income by Rate Action [1]			
For the Fiscal Year Ended September 30	Annual Rate Filing Mechanisms	Rate Case Filings	Other Rate Activity	Total
2010	$ 32,746	$ 23,663	$ 392	$ 56,801
2011	$ 50,249	$ 20,502	$ 1,675	$ 72,426
2012	$ 26,216	$ 4,309	$ 167	$ 30,692
2013	$ 40,088	$ 56,700	$ 1,322	$ 98,110
2014	$ 71,749	$ 21,819	$ (226)	$ 93,342
2015	$ 113,706	$ 711	$ 78	$ 114,495
2016	$ 114,974	$ 7,716	$ (183)	$ 122,507
2017	$ 90,427	$ 12,961	$ 784	$ 104,172
2018	$ 92,472	$ (12,853)	$ 457	$ 80,076
2019	$ 114,810	$ 1,656	$ 214	$ 116,680
2020	$ 160,857	$ (1,057)	$ 353	$ 160,153

[1] Beginning in fiscal 2018, filing amounts reflect a 21% federal income tax rate resulting from the Tax Cuts and Jobs Act of 2017 (TCJA) implemented in December 2017. Prior to fiscal 2018, the statutory federal income rate was 35%.

REGULATION AND RATES (Continued)

Regulatory Commissions

Railroad Commission of Texas (www.rrc.state.tx.us)
Three Commissioners who are elected by statewide general election for staggered six-year terms.

Kentucky Public Service Commission (psc.ky.gov)
Three Commissioners who are appointed by the Governor for staggered four-year terms.

Louisiana Public Service Commission (http://www.lpsc.louisiana.gov/)
Five Commissioners elected from single-member districts for staggered six-year terms.

Kansas Corporation Commission (www.kcc.state.ks.us)
Three Commissioners who are appointed by the Governor for staggered four-year terms.

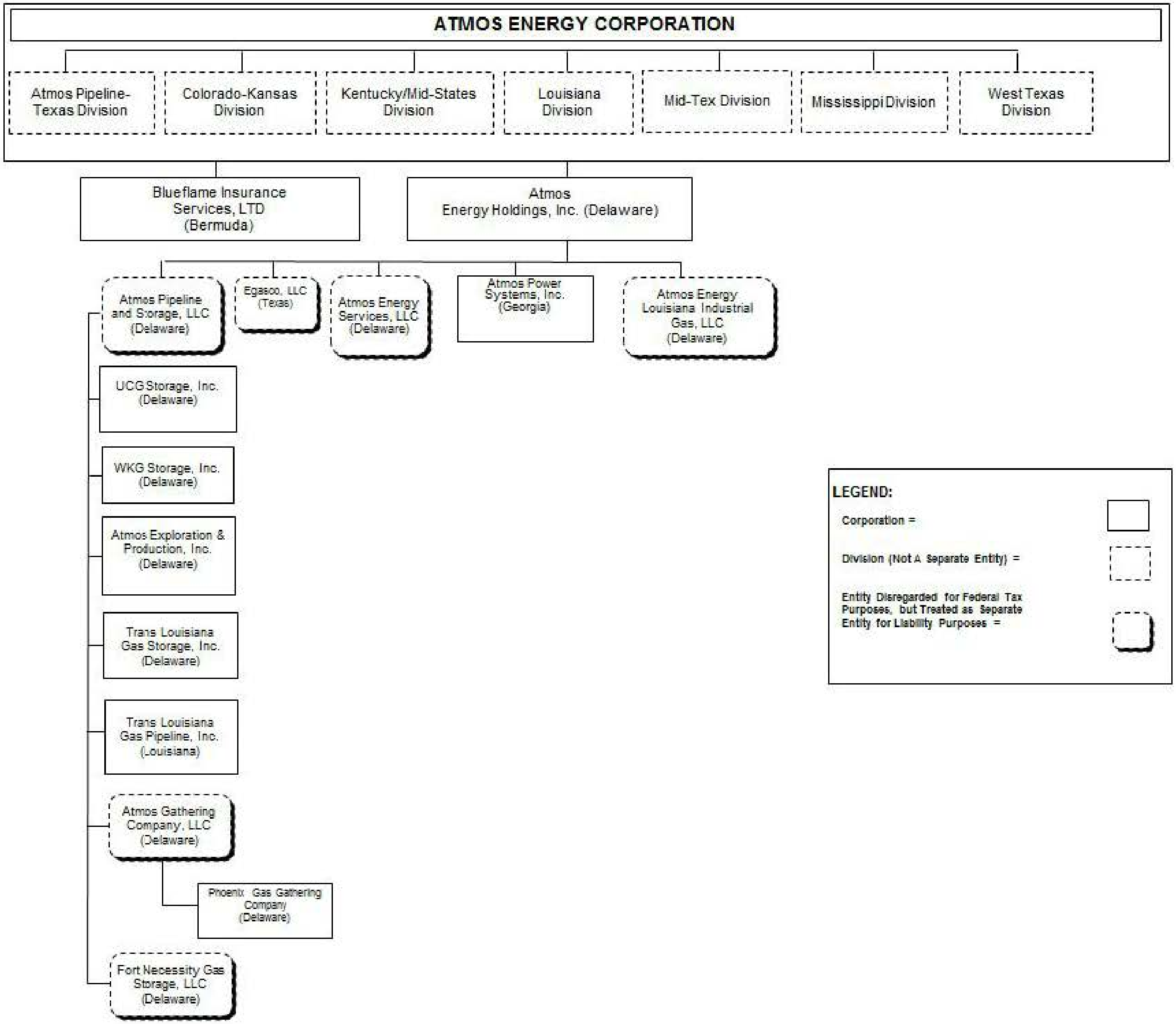
Colorado Public Utilities Commission (colorado.gov/dora)
Three Commissioners who are appointed by the Governor for staggered four-year terms.

Mississippi Public Service Commission (www.psc.state.ms.us)
Three Commissioners who are elected to four-year terms.

Virginia State Corporation Commission (www.scc.virginia.gov)
Three Commissioners elected by the General Assembly for staggered six-year terms.

Tennessee Public Utility Commission (https://www.tn.gov/tpuc.html)
Five part-time directors and one full-time executive director who are appointed by the Governor, Speaker of House and Lieutenant Governor.

CORPORATE STRUCTURE - Effective January 1, 2017



OPERATING DIVISIONS AND SUBSIDIARY COMPANIES

	Year of Incorporation	State of Incorporation	Principal Business Office
Atmos Energy Corporation	1983	Texas	Dallas, TX
	1997	Virginia	
Operating Divisions:			
West Texas			Lubbock, TX
Mid-Tex			Dallas, TX
Colorado-Kansas			Denver, CO
Kentucky/Mid-States			Franklin, TN
Louisiana			Baton Rouge, LA
Mississippi			Jackson, MS
Atmos Pipeline - Texas			Dallas, TX
Subsidiaries:			
Atmos Energy Holdings, Inc.	2000	Delaware	Dallas, TX
Blue Flame Insurance Services, LTD	2003	Bermuda	Bermuda
Atmos Energy Services, LLC	1996	Delaware	Dallas, TX
EGASCO, LLC	1999	Texas	Dallas, TX
Atmos Power Systems, Inc.	1987	Georgia	Franklin, TN
Atmos Pipeline and Storage, LLC	1999	Delaware	Dallas, TX
UCG Storage, Inc.	1989	Delaware	Franklin, TN
WKG Storage, Inc.	1999	Delaware	Dallas, TX
Atmos Exploration & Production, Inc.	1934	Delaware	Dallas, TX
Trans Louisiana Gas Pipeline, Inc.	1983	Louisiana	Lafayette, LA
Trans Louisiana Gas Storage, Inc.	2000	Delaware	Dallas, TX
Atmos Gathering Company, LLC	2006	Delaware	Dallas, TX
Phoenix Gas Gathering Company	2006	Delaware	Dallas, TX
Fort Necessity Gas Storage, LLC	2009	Delaware	Houston, TX
Atmos Energy Louisiana Industrial Gas, LLC	2016	Delaware	Dallas, TX

REGULATED AND NONREGULATED DATA

The following table summarizes certain information regarding the operation of the reportable segments of the Company for each of the last eleven years.

		Operating Revenues [1]	Net Income	Identifiable Assets
2010	Regulated Distribution	$ 2,782,993	$ 125,949	$ 5,408,922
	Regulated Pipeline	97,023	41,486	913,829
	Nonregulated	1,790,695	38,404	431,186
	Total	$ 4,670,711	$ 205,839	$ 6,753,937
2011	Regulated Distribution	$ 2,469,781	$ 162,718	$ 5,844,507
	Regulated Pipeline	87,141	52,415	1,004,124
	Nonregulated	1,743,743	(7,532)	421,657
	Total	$ 4,300,665	$ 207,601	$ 7,270,288
2012	Regulated Distribution	$ 2,144,376	$ 148,369	$ 5,980,315
	Regulated Pipeline	92,604	63,059	1,148,006
	Nonregulated	1,199,182	5,289	356,197
	Total	$ 3,436,162	$ 216,717	$ 7,484,518
2013	Regulated Distribution	$ 2,394,418	$ 163,707	$ 6,170,345
	Regulated Pipeline	89,011	68,260	1,413,165
	Nonregulated	1,392,031	11,227	335,559
	Total	$ 3,875,460	$ 243,194	$ 7,919,069
2014	Distribution	$ 3,137,858	$ 174,458	$ 6,633,695
	Pipeline & Storage	106,046	95,873	1,632,909
	Natural Gas Marketing	—	19,486	314,402
	Total	$ 3,243,904	$ 289,817	$ 8,581,006
2015	Distribution	$ 2,819,977	$ 205,820	$ 7,000,407
	Pipeline & Storage	107,008	99,803	1,960,405
	Natural Gas Marketing	—	9,452	114,260
	Total	$ 2,926,985	$ 315,075	$ 9,075,072
2016	Distribution	$ 2,338,404	$ 233,830	$ 7,581,735
	Pipeline & Storage	116,244	111,712	2,259,723
	Natural Gas Marketing	—	4,562	169,431
	Total	$ 2,454,648	$ 350,104	$ 10,010,889
2017	Distribution	$ 2,647,813	$ 268,369	$ 8,144,122
	Pipeline & Storage	111,922	114,342	2,605,474
	Natural Gas Marketing	—	13,710	—
	Total	$ 2,759,735	$ 396,421	$ 10,749,596
2018	Distribution	$ 3,000,404	$ 442,966	$ 8,926,891
	Pipeline & Storage	115,142	160,098	2,947,546
	Total	$ 3,115,546	$ 603,064	$ 11,874,437
2019	Distribution	$ 2,742,824	$ 328,814	$ 10,104,031
	Pipeline & Storage	159,024	182,592	3,263,588
	Total	$ 2,901,848	$ 511,406	$ 13,367,619
2020	Distribution	$ 2,624,251	$ 395,664	$ 11,726,070
	Pipeline & Storage	196,886	205,779	3,632,962
	Total	$ 2,821,137	$ 601,443	$ 15,359,032

In fiscal 2017, we began managing and reviewing our consolidated operations through the following three reportable segments: (i) Distribution, (ii) Pipeline and Storage and (iii) Natural Gas Marketing (comprised solely of our discontinued natural gas marketing operations) instead of the following reportable segments prior to that time: (i) Regulated Distribution, (ii) Regulated Pipeline and (iii) Nonregulated. For an expanded discussion of our reportable segments, please see the Company's Annual Report on Form 10-K for the year ended September 30, 2020. Operating revenues and net income for fiscal years 2014 through 2016 have been recast to be consistent with this segment realignment. Operating revenues and net income were not recast for years prior to fiscal 2014. Identifiable assets for fiscal years 2015 and 2016 have been recast to be consistent with this segment realignment. Identifiable assets were not recast for years prior to fiscal 2015. We currently manage and review our consolidated operations through the following two reportable segments: (i) Distribution and (ii) Pipeline and Storage.

[1] Operating revenues for fiscal years 2014 through 2017 excludes revenues from our discontinued natural gas marketing segment. Discontinued operations were not reported separately for years prior to fiscal 2014.

CORPORATE DEVELOPMENT

Acquisitions and Mergers

The Company has achieved eight significant acquisitions as summarized below:

1.	Property	Trans Louisiana Gas Company, Inc.
	Business	Intrastate natural gas distributor in Louisiana
	Meters in service	69,000 (at acquisition)
	Acquisition date	January 1, 1986
	Acquisition cost	$34.1 million inclusive of acquisition expenses plus assumption of approximately $10 million in long-term debt
	Regulatory body	Louisiana Public Service Commission
	Accounting method	Purchase
	Financing	$35,000,000 Revolving credit/term facility
2.	Property	Western Kentucky Gas Utility Corporation
	Business	Intrastate natural gas distributor in Kentucky
	Meters in service	147,000 (at acquisition)
	Acquisition date	December 1, 1987
	Acquisition cost	$67.5 million inclusive of acquisition expenses plus assumption of approximately $17.6 million in long-term debt
	Regulatory body	Kentucky Public Service Commission
	Accounting method	Purchase
	Financing	Initially funded with $31,500,000 interim revolving credit facility with a bank and $30,000,000 Senior Notes. Interim revolving credit facility was retired with proceeds of equity offering in June 1988.
3.	Property	Greeley Gas Company
	Business	Intrastate natural gas distributor in CO, KS, and MO(1)
	Meters in service	98,000 (at acquisition)
	Acquisition date	December 22, 1993
	Acquisition cost	Approximately 3.5 million (post-split) shares of Atmos stock, the assumption of approx. $20 million in long-term debt and $1.7 million in acquisition expenses
	Regulatory bodies	Colorado Public Utilities Commission, Kansas Corporation Commission and Missouri Public Service Commission
	Accounting method	Pooling of interests
	Financing	Exchanged 3,493,995 (post-split) shares of Atmos stock for all the outstanding shares of GGC
4.	Property	United Cities Gas Company
	Business	Intrastate natural gas distributor in GA(2), TN, VA, SC (subsequently sold), IL(1), IA(1), and MO(1)
	Meters in service	307,000 (at merger)
	Merger Date	July 31, 1997
	Merger cost	Approximately 13.3 million shares of Atmos stock, the assumption of approx. $149 million in long-term debt and $49 million in merger and integration costs
	Regulatory bodies	Missouri Public Service Commission, Georgia Public Service Commission, South Carolina Public Service Commission, Tennessee Regulatory Authority, Illinois Commerce Commission, Iowa Utilities Board, Virginia State Corporation Commission
	Accounting method	Pooling of interests
	Financing	Exchanged 13,320,221 shares of Atmos stock for all the outstanding shares of United Cities Gas Company
5.	Property	Remaining 55 percent interest in Woodward Marketing, L.L.C.
	Business	Management of natural gas requirements for municipalities, local gas utility companies and industrial customers
	Acquisition date	April 1, 2001
	Acquisition cost	$26.7 million inclusive of acquisition expenses
	Accounting method	Purchase
	Financing	Exchanged 1,423,193 restricted shares of Atmos common stock

CORPORATE DEVELOPMENT (Continued)

Acquisitions and Mergers (continued)

6.	Property	Louisiana Gas Service Company
	Business	Intrastate natural gas distributor in Louisiana
	Meters in service	279,000 (at acquisition)
	Acquisition date	July 1, 2001
	Acquisition cost	$363.4 million inclusive of acquisition expenses
	Regulatory body	Louisiana Public Service Commission
	Accounting method	Purchase
	Financing	Primarily funded with a $350 million debt offering
7.	Property	Mississippi Valley Gas Company
	Business	Intrastate natural gas distributor in Mississippi
	Meters in service	260,000 (at acquisition)
	Acquisition date	December 3, 2002
	Acquisition cost	$75.0 million cash, $75.0 million of Atmos common stock and the repayment of approx. $45.0 million of outstanding long-term debt.
	Regulatory body	Mississippi Public Service Commission
	Accounting method	Purchase
	Financing	Issued 3,386,287 shares of Atmos common stock and used a $150.0 million short-term unsecured committed credit facility to provide the initial funding for the cash portion of the acquisition and the repayment of the outstanding long-term debt. The short-term credit facility was replaced with a $250 million debt offering in January 2003.
8.	Property	TXU Gas Company
	Business	Intrastate natural gas distributor and pipeline operations in Texas
	Meters in service	1,500,000 (at acquisition)
	Acquisition date	October 1, 2004
	Acquisition cost	$1.9 billion cash (after closing adjustments and before transaction costs and expenses)
	Regulatory bodies	Various municipalities we serve, with exclusive appellate jurisdiction by the Texas Railroad Commission
	Accounting method	Purchase
	Financing	Issued 9,939,393 shares of Atmos common stock (net proceeds of $235.7 million) and issued $1.7 billion in commercial paper backstopped by a senior unsecured revolving credit agreement. In October 2004, the commercial paper was paid off with the issuance of $1.4 billion of senior unsecured notes and the issuance of 16.1 million shares of Atmos common stock (net proceeds of $382.5 million before other offering costs).

The Company has also achieved several small acquisitions including Oceana Heights Gas Company in Thibodaux, Louisiana and distribution systems in Winn Parish and LaFourche Parish, Louisiana. In May 2000, we acquired the Missouri natural gas distribution assets of Associated Natural Gas for approximately $32.0 million, serving approximately 48,000 meters. In March 2004, we acquired the natural gas distribution assets of ComFurT Gas Inc. for approximately $2.0 million which served approximately 1,800 customers.

On December 20, 2016, we executed a purchase and sale agreement to acquire the general partnership and limited partnership interests in EnLink North Texas Pipeline, LP (EnLink Pipeline) from EnLink Energy GP, LLC and EnLink Midstream Operating, LP for a cash price of $85.0 million, plus working capital of $1.1 million. EnLink Pipeline's primary asset was a 140–mile natural gas pipeline located on the north side of the Dallas–Fort Worth Metroplex.

Divestitures

1. In August 2012, we completed the sale of substantially all of our regulated distribution assets located in Missouri, Illinois and Iowa representing approximately 84,000 customers to Liberty Energy (Midstates) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $128 million, pursuant to an asset purchase agreement executed on May 12, 2011.

2. In April 2013, we completed the sale of substantially all of our regulated distribution assets and certain related nonregulated assets located in Georgia representing approximately 64,000 customers to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $153 million, pursuant to an asset purchase agreement executed on August 8, 2012.

3. In January 2017, we completed the sale of Atmos Energy Marketing to CenterPoint Energy Services, Inc., a subsidiary of CenterPoint Energy, Inc. for a cash purchase price of $38.3 million plus working capital of $109.0 million for total cash consideration of $147.3 million, pursuant to a membership interest purchase agreement executed on October 29, 2016.

GLOSSARY

Amortize - An allocation of cost to reflect a reduction to asset book value each year until only the salvage value, if any, remains.

Assets - Items of value owned by the company, typically items such as cash, property, and debts owed to the company.

Balance sheet - A statement of financial position at a stated date that shows the assets, liabilities and shareholders' equity of a company.

Cash equivalents - The company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Current asset - Cash and any other items the company owns that will be converted to cash or useful goods or services within a year.

Current liability - A short-term indebtedness to be paid within a year.

Deferred charges - Expenditures whose benefit will be realized in future years. The amounts will be charged against income over a period of years to properly match the expenses with the related benefit.

Deferred credits - Income items that have been received but not yet earned or liabilities incurred but not yet due. These will be recognized in the year they are earned.

Depreciation - An allocation of cost to reflect the gradual loss of productivity of a fixed asset by age or usage.

Heating degree day - A heating degree day is equivalent to each degree that the average of the high and the low temperatures for a day is below 65 degrees. The greater the number of heating degree days, the colder the climate. Heating degree days are used in the natural gas industry to measure the coldness of weather experienced and to compare relative temperatures between one geographic area and another.

Liabilities - Amounts owed by the corporation to others.

Long-term debt - Debts to be repaid with a maturity of more than one year.

Mcf - Abbreviation for 1,000 cubic feet, which is the customary unit for measuring volumes of natural gas.

MMcf - Abbreviation for 1,000,000 (one million) cubic feet.

Net income - All revenues less all costs of doing business.

Net income per share - Net income available to common shareholders divided by the weighted average number of shares of common stock outstanding during the period.

Operating income - Excess of revenues over the related expenses; income before federal income taxes and interest.

Pooling of interests - A business combination in which the voting stock of one company is acquired by another through an exchange of stock and not through the disbursement of cash or other resources. The reported income of the constituents for prior periods is combined and restated as income of the combined corporation.

Public authority - A municipal, state, federal, school, county or precinct account, i.e., account with any governmental subdivision.

Retained earnings - Cumulative earnings retained in the business.

Shareholders' equity - The financial investment shareholders have in the company. It is represented by the difference between total assets and total liabilities.

Stated value - The nominal or face value of a security. It is not related to the actual value of the stock or the company.

Subsidiary - A corporation owned by a parent company through ownership of the subsidiary's voting stock.

Working capital - Excess of current assets over current liabilities.

REQUEST:

Section 16. Applications for General Adjustments of Existing Rates.

(7) Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:
  (m) The current chart of accounts if more detailed than the Uniform System of Accounts chart;

RESPONSE:

Please see attachment FR_16(7)(m)_Att1 for the current chart of accounts.

ATTACHMENT:

ATTACHMENT 1 - FR_16(7)(m)_Att1 - Chart of Accounts.pdf, 35 Pages.

Respondent: Michelle Faulk

Chart of Accounts

CCC	COCO	ACAC	SUBAC	SERARA	FFFF
3	4	4	5	6	4
Company	Cost Center	Ferc Account	Sub-Account	Service Area	Future

Last updated: May 2021

"Our Vision is for Atmos Energy to be the Safest Provider of Natural Gas Services..."

Table of Contents

Introduction

Company

Balance Sheet

Income Statement

O&M

Cost Center

Service Area

****

Chart of Accounts Introduction

Introduction

The purpose of this manual is to provide detail of the company's general ledger account structure. Atmos Energy accounting practices follow Federal Energy Regulatory Commission (FERC) standards and Generally Accepted Accounting Principles (GAAP).

Account Coding Structure

Atmos' account coding structure enables it to capture the costs for direct and allocable activities. Expenses, assets, and liabilities for Atmos' shared services and other operating division general office divisions are coded to applicable location codes and cost centers as necessary.

CCC	COCO	ACAC	SUBAC	SERARA	FFFF
3 digits	4 digits	4 digits	5 digits	6 digits	4 digits
Company	Cost center	FERC Account	Sub-account	Service area	Future use

- **Company:** For divisions which have been incorporated, or legal entities in which Atmos has an interest in
- **Cost Center:** An organizational unit within a department of function. Utilized for internal reporting and to monitor expenses for comparison to budget and year-over-year
- **Account:** To categorize transaction/ events that affect the company's financial position and operational results**.** The account numbering is in compliance with the Federal Energy Regulatory Commission -Uniform System of Accounts prescribed for Natural Gas
- **Sub-Account:** Additional level of detail to an account
- **Service Area:** The geographical location that a business supports. The first three digits of the Service area field are the primary coding utilized for cost allocations within Atmos and is generally referred to as "Rate division number". These codes are the primarily source of information for regulatory reporting and rate activity.
- **Future:** For future use

Chart of Accounts

COMPANY LISTING AND HIERARCHY

CCC - XXXX - XXXX -XXXXX - XXXXXX - 0000

- **AEC** — **Atmos Energy Consolidated**
  - **C981** — **Atmos Energy Consolidated (Elim)**
  - **C990** — **Mid-Tex and APT (Elim)**
  - **DTR** — **Distribution**
    - **C992** — **Distribution and AEH (Elim)**
    - **AUT** — **Natural Gas Distribution**
      - **MTX** — **Mid-Tex LDC**
        - C080 — Atmos Energy Mid-Tex
        - C324 — PDH Holdings (Inactive/Disabled)
      - **KMR** — **KY/Mid-States**
        - C050 — Atmos Energy KY/Mid-States
        - **KST** — **Kentucky Storage**
          - C232 — UCG Storage - Barnsley
          - C233 — WKG Storage - East Diamond
        - C950 — KY/Mid-States (Elim)
      - **LAR** — **Louisiana**
        - C020 — Atmos Energy Louisiana
        - C220 — Atmos Energy Louisiana Industrial Gas (AELIG) - ***New***
      - **C030** — **Atmos Energy West Texas**
      - **C060** — **Atmos Energy Colorado Kansas**
      - **MVG** — **Mississippi**
        - C070 — Atmos Energy Mississippi
        - C322 — Mississippi Water (Inactive/Disabled)
        - C323 — Mississippi Wastewater (Inactive/Disabled)
      - **SSU** — **Shared Services w/ Blueflame**
        - C010 — Atmos Regulated Shared Services
        - C210 — Blueflame Insurance Services LTD
        - C989 — SSU and Blueflame (Elim)
      - **C982** — **Distribution (Elim)**
    - **AEH** — **Atmos Energy Holdings Group**
      - **C987** — **Atmos Energy Holdings (Elim)**
      - **C312** — **Atmos Energy Holdings Inc**
      - **C221** — **Atmos Power Systems Inc**
      - **C237** — **Phoenix Gas Gathering Company**
      - **C302** — **Egasco**
      - **C306** — **Atmos Exploration & Production**
      - C238 — Use 237 Phoenix Gas Gathering Company (Inactive/Disabled)
      - C239 — HNNG JV (Inactive/Disabled)
      - C240 — Ft Necessity Gas Storage (Inactive/Disabled)
      - C242 — United Cities Propane Gas (Inactive/Disabled)
      - C308 — Enermart Energy Services (Inactive/Disabled)
      - C321 — Mississippi Energies Inc (Inactive/Disabled)
      - **AES** — **Atmos Energy Services Group**
        - C301 — Atmos Energy Services LLC
        - C304 — United Cities Energy Services (Inactive/Disabled)
        - C305 — Greeley Energy Services (Inactive/Disabled)
        - C309 — Energas Energy Services Trust (Inactive/Disabled)
        - C310 — Trans Louisiana Energy Services (Inactive/Disabled)
        - C311 — Western Kentucky Energy Services (Inactive/Disabled)
  - **PSR** — **Pipeline & Storage**
    - **C993** — **Pipeline & Storage (Elim)**
    - **C180** — **Atmos Pipeline Texas**
    - **C231** — **Atmos Pipeline & Storage LLC**
    - **C236** — **Atmos Gathering Company LLC**
    - **TLR** — **Trans Louisiana Gas Pipeline Group**
      - C234 — Trans Louisiana Gas Storage (TLGS)
      - C303 — Trans Louisiana Gas Pipeline (TLGP)
      - C983 — TLGP and TLGS (Elim)
  - **AEM** — **Atmos Energy Marketing Group** *(to be disabled effective January 1, 2017)*
    - C212 * — Atmos Energy Marketing
    - C235 — Trans Louisiana Industrial Gas (Inactive/Disabled)

Chart of Accounts

BALANCE SHEET ACCOUNTS LISTING

ASSET, LIABILITY AND EQUITY

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

ASSETS

Property, Plant and Equipment
- Utility Plant
- Non-Utility Plant
- Construction Work in Progress
- Accumulated Depreciation & Amortization

Investments In & Adv to Subs

Current Assets
- Cash and Temp Cash Invest
- Cash held on Deposit in Margin Account
- Deferred Gas Costs
- Accts Rec, Less Allow for Doubtful Accts
- Inventories
- Gas Stored Underground
- Other Current Assets
- Intercompany Accounts - Assets

Other Assets
- Goodwill
- Deferred charges and other assets

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' Equity
- Common Stock
- Additional paid-in-capital
- Retained Earnings
- Accumulated Other comprehensive income
- Current Year Net Income
- Dividends

Long-Term debt (including curr maturities)

Current Liabilities
- Notes Payable
- Accounts Payable
- Accrued Taxes
- Income Taxes Payable
- Dividends Declared
- Customers' Deposits
- Other Current Liablities
- Intercompany Accounts - Liabilities

Other Liabilities
- Deferred Income Taxes
- Deferred credits and other liabilities

ASSETS

PROPERY, PLANT, & EQUIPMENT

Utility Plant

1010	Gas Plant in Service
1011	Property under Capital Leases
1019	NSC-Gas Plant in Service
1020	Gas plant purchased or sold
1060	Completed construction not classified
1069	NSC-Completed construction not classified
1140	Gas plant acquisition adjustments
1170	Gas stored underground-Noncurrent
1171	Gas stored-base gas

Non-Utility Plant

1210	Nonutility property

Construction in Progress

1070	Construction work in progress
1079	NSC-Construction work in progress

LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

Common Stock

2010	Common stock issued
2020	Common stock subscribed

Additional Paid-in-capital

2110	Miscellaneous Paid-In capital
2140	Capital stock expense

Retained Earnings

2160	Retained Earnings

Accumulated Other comprehensive income

2150	Appropriated Retained Earnings

Dividends

4380	Dividends

Chart of Accounts

BALANCE SHEET ACCOUNTS LISTING

ASSET, LIABILITY AND EQUITY

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

ASSETS

Property, Plant and Equipment
- Utility Plant
- Non-Utility Plant
- Construction Work in Progress
- Accumulated Depreciation & Amortization

Investments In & Adv to Subs

Current Assets
- Cash and Temp Cash Invest
- Cash held on Deposit in Margin Account
- Deferred Gas Costs
- Accts Rec, Less Allow for Doubtful Accts
- Inventories
- Gas Stored Underground
- Other Current Assets
- Intercompany Accounts - Assets

Other Assets
- Goodwill
- Deferred charges and other assets

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' Equity
- Common Stock
- Additional paid-in-capital
- Retained Earnings
- Accumulated Other comprehensive income
- Current Year Net Income
- Dividends

Long-Term debt (including curr maturities)

Current Liabilities
- Notes Payable
- Accounts Payable
- Accrued Taxes
- Income Taxes Payable
- Dividends Declared
- Customers' Deposits
- Other Current Liablities
- Intercompany Accounts - Liabilities

Other Liabilities
- Deferred Income Taxes
- Deferred credits and other liabilities

ASSETS

PROPERY, PLANT, & EQUIPMENT

Accumulated Depreciation & Amortization

1080	Accum Prov for Depreciation
1081	Accumulated provision for depreciation of gas utility plant
1089	NSC-Accum Prov for Depreciation
1110	Accumulated Provision for Amortization and Depletion
1150	Accumulated provision for amortization of gas plant acquisition adjustments
1220	Accumulated provision for amortization of nonutility property

Investments In & Adv to Subs

1230	Investment in associated companies
1231	Investment in subsidiary companies

CURENT ASSETS

Cash and Temporary Cash Investment

1310	Cash
1350	Working funds
1360	Temporary cash investments

Cash held on Deposit in Margin Account

1340	Other special deposits

LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

Long-Term debt (including curr maturities)

2210	Bonds
2240	Other long-Term
2241	Unamortized debt expense
2250	Long Term Debt Premium
2260	Long Term Debt Discount
2270	Obligations under Capital Leases - Non Current

CURRENT LIABILITIES

2310	Notes payable
2320	Accounts Payable
2410	Tax collections
2360	Taxes accrued
2380	Dividends declared
2350	Customer deposits

Chart of Accounts

BALANCE SHEET ACCOUNTS LISTING

ASSET, LIABILITY AND EQUITY

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

ASSETS

Property, Plant and Equipment
- Utility Plant
- Non-Utility Plant
- Construction Work in Progress
- Accumulated Depreciation & Amortization

Investments In & Adv to Subs

Current Assets
- Cash and Temp Cash Invest
- Cash held on Deposit in Margin Account
- Deferred Gas Costs
- Accts Rec, Less Allow for Doubtful Accts
- Inventories
- Gas Stored Underground
- Other Current Assets
- Intercompany Accounts - Assets

Other Assets
- Goodwill
- Deferred charges and other assets

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' Equity
- Common Stock
- Additional paid-in-capital
- Retained Earnings
- Accumulated Other comprehensive income
- Current Year Net Income
- Dividends

Long-Term debt (including curr maturities)

Current Liabilities
- Notes Payable
- Accounts Payable
- Accrued Taxes
- Income Taxes Payable
- Dividends Declared
- Customers' Deposits
- Other Current Liablities
- Intercompany Accounts - Liabilities

Other Liabilities
- Deferred Income Taxes
- Deferred credits and other liabilities

ASSETS

CURENT ASSETS

Deferred Gas Costs

1910	Unrecovered Purchased Gas Cost

Accts Rec, Less Allow for Doubtful Accts

1410	Notes receivable
1420	Customer accounts receivable
1430	Other Accounts Receivable
1440	Accum prov for uncollectible accounts

Inventories

1510	Fuel stock
1530	Residuals and Extracted Products
1540	Plant Materials and Operating Supplies
1550	Merchandise
1560	Other Materials and Supplies
1630	Stores Expense Undistributed

Gas Stored Underground

1641	Gas stored underground-Current
1642	Liquefied natural gas stored
1643	Natural Gas Held for Processing

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Chart of Accounts

ATMOS energy

BALANCE SHEET ACCOUNTS LISTING

ASSET, LIABILITY AND EQUITY

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

ASSETS

Property, Plant and Equipment
- Utility Plant
- Non-Utility Plant
- Construction Work in Progress
- Accumulated Depreciation & Amortization

Investments In & Adv to Subs

Current Assets
- Cash and Temp Cash Invest
- Cash held on Deposit in Margin Account
- Deferred Gas Costs
- Accts Rec, Less Allow for Doubtful Accts
- Inventories
- Gas Stored Underground
- Other Current Assets
- Intercompany Accounts - Assets

Other Assets
- Goodwill
- Deferred charges and other assets

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' Equity
- Common Stock
- Additional paid-in-capital
- Retained Earnings
- Accumulated Other comprehensive income
- Current Year Net Income
- Dividends

Long-Term debt (including curr maturities)

Current Liabilities
- Notes Payable
- Accounts Payable
- Accrued Taxes
- Income Taxes Payable
- Dividends Declared
- Customers' Deposits
- Other Current Liablities
- Intercompany Accounts - Liabilities

Other Liabilities
- Deferred Income Taxes
- Deferred credits and other liabilities

ASSETS

CURENT ASSETS

Other Current Assets

1340	Other special deposits
1650	Prepayments
1710	Interest and Dividends Receivable
1720	Rents receivable
1740	Miscellaneous current and accrued assets

Intercompany Accounts

1460	A/R from Associated Companies

OTHER ASSETS

Goodwill

1860*	Miscellaneous deferred debits

(Use with Sub-Account: 13953 thru 14222)

Deferred Charges and Other Assets

1240	Other investments
1280	Other special funds
1810	Unamortized debt expense
1823	Other Regulatory Assets
1829	NSC-Other Regulatory Assets
1840	Clearing Account
1849	NSC - Clearing Account
1860*	Miscellaneous deferred debits

(Use with Sub-Account: 13035, 13990…. thru 277XX)

1890	Unamortized Loss on Reacquired Debt

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Other Current Libilities

2281	Accumulated provision for property insurance
2282	Accumulated provision for injuries and damages
2284	Accumulated miscellaneous operating provisions
2370	Interest accrued
2420	Miscellaneous current and accrued liabilities
2430	Obligations under Capital Leases - Current

Intercompany Accounts - Liabilities

2340	Accounts payable to associated companies

OTHER LIABILITIES

Deferred Income Taxes

1900*	Accumulated Deferred Income Taxes

(Use with Sub-Account: 28201, 28206)

2820	Accum deferred income taxes-Other property
2830	Accumulated deferred income taxes-Other

Deferred credits and other liabilities

2270	Obligations under Capital Leases - Non Current
2520	Customer advances for construction
2530	Other deferred credits
2540	Other Regulatory Liabilities
2549	NSC-Other Regulatory Liabilities
2550	Accumulated deferred investment tax credits

****

Chart of Accounts

ATMOS energy

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - **ACAC** -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues
- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs
- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE
- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:
- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE
- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX
- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

CONTRIBUTION MARGIN

OPERATING REVENUE

Total Gas Revenue

4800	Residential sales
4805	Unbilled Residential Revenue
4810	Commercial and Industrial Sales
4811	Commercial Revenue-Banner
4812	Industrial Revenue-Banner
4813	Irrigation Revenue-Banner
4814	Feedlot Revenue-Banner
4815	Unbilled Comm Revenue
4816	Unbilled Industrial Revenue
4819	Unbilled Irrigation Revenue
4820	Other Sales to Public Authorities
4825	Unbilled Public Authority Revenue
4830	Sales for resale
4840	Interdepartmental Sales
4862	Irrigation

PURCHASED GAS COSTS

Deferred Gas Cost

8001	Intercompany Gas Well-head Purchases
8010	Natural gas field line purchases
8030	Natural gas transmission line purchases
8032	Cost of Commercial/Industrial Sales
8040	Natural gas city gate purchases
8041	Liquefied Natural Gas Purchases
8045	Transportation to City Gate
8050	Other purchases
8059	PGA Offset to Unrecovered Gas Cost
8060	Exchange gas
8081	Gas withdrawn from storage-Debit
8082	Gas delivered to storage-Credit
8120	Gas used for other utility operations-Credit
8580	Transmission and compression of gas by others

Expensed Gas Cost

8051	PGA for Residential
8052	PGA for Commercial
8053	PGA for Industrial
8054	PGA for Public Authorities
8055	PGA for Irrigation Sales
8058	Unbilled PGA Cost
8130	Other gas supply expenses

Chart of Accounts

ATMOS energy

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues

- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs

- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE

- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:

- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE

- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX

- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

CONTRIBUTION MARGIN

OPERATING REVENUE

Transportation Revenue

4890	Revenues from transportation of gas of others
4891	Revenue-Transportation Gathering
4892	Revenue-Transportation Transmission
4893	Revenue-Transportation Distribution
4894	Revenue-Storing Gas Others
4895	Revenue-Transportation Commercial
4896	Revenue-Transportation Industrial
4897	Revenue from Lost Margin (Gross) Transp
4898	Discount on Revenue from Lost Margin Transp

Forfeited Discounts:

4870	Forfeited discounts

Other Operating Revenue:

4861	Rental & Leasing Revenue
4880	Miscellaneous service revenues
4900	Sales of products extracted from natural gas
4910	Revenue Gas Processed by Others
4920	Incidental Gasoline and Oil Sales
4930	Rent from gas property
4950	Other gas revenues
4960	Provision for Rate Refunds
8101	Gas Used for Compressor Stations-Other Op Rev
8121	Gas used for other utility operations-Credit-Other Op Rev

Realized Gas Trading Margin

4952	Other Gas Revenues (Realized)
8131	Other gas supply expenses (Realized)

Unrealized Gas Trading Margin

4951	Other gas revenues (Unrealized)

Intersegment Revenue Elimination

4970	Intersegment elimination - Revenues

PURCHASED GAS COSTS

Transportation Gas Cost

8057	PGA for Transportation Sales

Intersegment Gas Cost Elimination

8135	Intersegment elimination - Gas Cost

Chart of Accounts

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues

- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs

- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE

- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:

- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE

- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX

- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

OPERATING EXPENSE

OPERATION & MAINTENANCE EXPENSE

Operation Expense

7230	Fuel for liquefied petroleum gas process
7280	Liquefied petroleum gas
7330	Gas mixing expenses
7350	Miscellaneous production expenses
7500	Production and gathering-Operation superv. and engineering
7510	Production maps and records
7520	Gas wells expenses
7530	Field lines expenses
7540	Field compressor station expenses
7550	Field compressor station fuel and power
7560	Field measuring and regulating station expenses
7570	Production and gathering-Purification expenses
7580	Gas well royalties
7590	Production and gathering-Other expenses
7700	Products extraction-Operation supervision and engineering
7710	Products extraction-Operation labor
7720	Gas shrinkage
7730	Production-Fuel
7740	Power
7770	Gas processed by others
8140	Storage-Operation supervision and engineering
8150	Storage-Maps & Records
8160	Wells expenses
8170	Lines expenses
8180	Compressor station expenses
8190	Compressor station fuel and power

OPERATION & MAINTENANCE EXPENSE

Maintenance Expense

7410	Production-Maintenance of structures and improvements
7420	Maintenance of production equipment
7610	Production and gathering-Maintenance superv. and engineering
7620	Production and gathering-Maintenance of struct. and improve
7640	Maintenance of field lines
7650	Maintenance of field compressor station equipment
7660	Maintenance of field measuring and regulating station equipment
7670	Production-Maintenance of purification equipment
7690	Maintenance of other equipment
7840	Products extraction-Maintenance supervision and engineering
7860	Maintenance of extraction and refining equipment
8310	Storage-Maintenance of structures and improvements
8320	Maintenance of reservoirs and wells
8330	Maintenance of lines
8340	Maintenance of compressor station equipment
8350	Maintenance of measuring and regulating station equipment
8360	Processing-Maintenance of purification equipment
8431	Other storage-Maintenance supervision and engineering
8432	Other storage-Maintenance of structures and improvements
8433	Maintenance of gas holders
8435	Maintenance of liquefaction equipment
8436	Maintenance of vaporizing equipment
8610	Transmission-Maintenance supervision and engineering
8620	Transmission-Maintenance of structures and improvements
8630	Transmission-Maintenance of mains
8640	Transmission-Maintenance of compressor station equipment

Chart of Accounts

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues

- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs

- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE

- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:

- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE

- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX

- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

OPERATING EXPENSE

OPERATION & MAINTENANCE EXPENSE

Operation Expense

8200	Storage-Measuring and regulating station expenses
8210	Storage-Purification expenses
8230	Gas losses
8240	Storage-Other expenses
8250	Storage well royalties
8260	Storage-Rents
8300	Storage-Maint Supervision & Engineering
8370	Maintenance of other equipment
8400	Other storage-Operation supervision and engineering
8410	Other storage expenses-Operation labor and expenses
8420	Other storage-Rents
8500	Transmission-Operation supervision and engineering
8510	System control and load dispatching
8520	Communication system expenses
8530	Transmission-Compressor station labor and expenses
8540	Gas for compressor station fuel
8550	Other fuel & power for compressor stations
8560	Mains expenses
8570	Transmission-Measuring and regulating station expenses
8580	Transmission and compression of gas by others
8590	Transmission-Other expenses
8600	Transmission-Rents
8700	Distribution-Operation supervision and engineering
8710	Distribution load dispatching
8711	Odorization
8720	Distribution-Compressor station labor and expenses
8740	Mains and Services Expenses
8750	Distribution-Measuring and regulating station expenses

OPERATION & MAINTENANCE EXPENSE

Maintenance Expense

8650	Transmission-Maintenance of measuring and reg station equip
8660	Transmission-Maintenance of communication equipment
8670	Transmission-Maintenance of other equipment
8850	Distribution-Maintenance supervision and engineering
8860	Distribution-Maintenance of structures and improvements
8870	Distribution-Maint of mains
8880	Maintenance of compressor station equipment
8890	Maintenance of measuring and regulating station equip-General
8900	Maintenance of measuring and regulating station equip-Industrial
8910	Maintenance of measuring and regulating station equip-City gate
8920	Maintenance of services
8930	Maintenance of meters and house regulators
8940	Distribution-Maintenance of other equipment
9320	A&G-Maintenance of general plant

Bad Debt Expense

9040	Customer accounts-Uncollectible accounts

Chart of Accounts

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - **ACAC** -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues

- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs

- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE

- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:

- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE

- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX

- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

OPERATING EXPENSE

OPERATION & MAINTENANCE EXPENSE

Operation Expense

8760	Distribution-Measuring and regulating station exp-Industrial
8770	Distribution-Measuring and regulating station exp-City gate
8780	Meter and house regulator expenses
8790	Customer installations expenses
8800	Distribution-Other expenses
8810	Distribution-Rents
9010	Customer accounts-Operation supervision
9020	Customer accounts-Meter reading expenses
9030	Customer accounts-Customer records and collections exp
9040	Customer accounts-Uncollectible accounts
9050	Customer accounts-Miscellaneous customer accounts
9070	Customer service-Supervision
9080	Customer service-Operating assistance expense
9090	Customer service-Oper infor and instructional advertising exp
9100	Customer service-Miscellaneous customer service
9110	Sales-Supervision
9120	Sales-Demonstrating and selling expenses
9130	Sales-Advertising expenses
9160	Sales-Miscellaneous sales expenses
9200	A&G-Administrative & general salaries
9210	A&G-Office supplies & expense
9220	A&G-Administrative expense transferred-Credit
9221	A&G-Admin exp transferred to Nonutil & Propane
9230	A&G-Outside services employed
9240	A&G-Property insurance
9250	A&G-Injuries & damages
9260	A&G-Employee pensions and benefits
9270	A&G-Franchise requirements
9280	A&G-Regulatory commission expenses
9290	A&G-Duplicate charges-Cr
9301	A&G-General advertising expense
9302	Miscellaneous general expenses
9310	A&G-Rents

OPERATION & MAINTENANCE EXPENSE

Maintenance Expense

Chart of Accounts

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues
- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs
- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE
- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:
- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE
- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX
- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

OPERATING EXPENSE

DEPRECIATION AND AMORTIZATION

4030	Depreciation Expense
4039	NSC-Depreciation Expense
4041	Amortization and depletion of prod nat gas land & land rights
4042	Amortization of Underground Storage Land
4043	Amortization of Other Limited-Term Gas Plant
4050	Amortization of other gas plant
4060	Amortization of gas plant acquisition adjustments
4071	Amortization of prop loss unrecovered plant and reg study cost
4250	Miscellaneous amortization

TAXES, OTHER THAN INCOME TAXES

Payroll Taxes

4081-01210	Taxes other than income taxes, - Fica Load
4081-01211	Taxes other than income taxes, - Futa Load
4081-01212	Taxes other than income taxes, - Suta Load
4081-01213	Taxes other than income taxes, - Fica Load Accrual
4081-01214	Taxes other than income taxes, - Futa Load Accrual
4081-01215	Taxes other than income taxes, - Suta Load Accrual
4081-01220	Taxes other than income taxes, - Denver City Tax Load
4081-01256	Taxes other than income taxes, - Payroll Tax Projects
4081-01290	Taxes other than income taxes, - Other Benefits Projects

Ad Valorem

4081-30101	Taxes other than income taxes, - Suta Load

Franchise Taxes

4081-30105	Taxes other than income taxes, - Corp/State Franchise Tax
4081-30107	Taxes other than income taxes, - City Franchise

State Gross Receipts

4081-30109	Taxes other than income taxes, - State Gross Receipts

Others

4081-XXXXX	Taxes other than income taxes, - Other

(Use with other Sub-Accounts listed above)

Chart of Accounts

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues
- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs
- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE
- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:
- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE
- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX
- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

NON-OPERATING INCOME / EXPENSE

NON-OPERATION INCOME

Interest Income

4190	

PBR

4210-30607	Miscellaneous nonoperating inc - Incentive Rates Income

Other Non-Operating Income

4073	Regulatory Debits
4150	Revenues from Merchandising, Jobbing & Contract Work
4170	Revenues from nonutility operations
4191	Allowance for other funds used during construction
4210	Miscellaneous nonoperating income
4211	Gain on Disposition of Property

NON-OPERATION EXPENSE

Long Term Interest Expenses

4270	Interest on long-Term debt
4280	Amortization of debt discount and expense
4281	Amortization of loss on reacquired debt
4290	Amortization of debt premium

Short Term Interest Expenses

4300	Interest on debt to associated companies
4310	Other interest expense
4320	Allowance for borrowed funds used during construction

Donations

4261	Donations

Other Non-Operating Expense

4160	Costs and Expenses of Merchandising, Jobbing & Contract Work
4212	Loss on Disposition of Property
4263	Penalties
4264	Civic, Political and Related
4265	Other deductions
4269	NSC-Expense

Chart of Accounts

INCOME STATEMENT ACCOUNTS LISTING

REVENUE and EXPENSE

XXX - XXXX - ACAC -XXXXX - XXXXXX - 0000

The account numbering is in compliance with the Federal Energy Regulatory Commission - UNIFORM SYSTEM OF ACCOUNTS prescribed for NATURAL GAS.

SUMMARY BY CATEGORY

CONTRIBUTION MARGIN

Operating Revenues
- Total Gas Revenue
- Transportation Revenue
- Forfeited Discounts
- Other Operating Revenue
- Realized Gas Trading Margin
- Unrealized Gas Trading Margin
- Intersegment Revenue Elimination

Purchased Gas Costs
- Deferred Gas Cost
- Expensed Gas Cost
- Transportation Gas Cost
- Intersegment Gas Cost Elimination

OPERATING EXPENSE
- Operation & Maintenance Expense
- Depreciation and Amortization

Taxes-Other Than Income Taxes:
- Payroll Taxes
- Ad Valorem
- Franchise Taxes
- State Gross Receipts
- Other Tax

NON-OPERATING INCOME / EXPENSE
- Interest Income
- PBR
- Others Non-Operating Income
- Long Term Interest Expenses
- Short Term Interest Expenses
- Donations
- Other Non-Operating Expense

PROVISION (BENEFIT) FOR INC TAX
- Current Federal Income Tax
- Current State Income Tax
- Deferred Federal Income Tax
- Deferred State Income Tax
- Investment Tax Credits

Cumulative Effect of Acct Change, Net of Tax

PROVISION (BENEFIT) FOR INC TAX

STATE INCOME TAX

Current State Income Tax

4091-30202	Income taxes, utility operatin - State Income Taxes

Deferred State Income Tax

4101-30202	Income taxes, utility operatin - State Income Taxes

FEDERAL INCOME TAX

Current Federal Income Tax

4091-30201	Income taxes, utility operatin - Federal Income Taxes
4091-00000	Income taxes, utility operatin - Default
4091-30205	Income taxes, utility operatin - FIN48 Federal Tax Expense

Deferred Federal Income Tax

4101-30205	Provision for deferred income - FIN48 Federal Tax Expense
4101-30201	Provision for deferred income - Federal Income Taxes
4101-30208	Provision for deferred income - Amortization of Excess Deferred

Investment Tax Credits

4114-30201	Investment tax credit adjustme - Federal Income Taxes

CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAX

4350	Change in accounting principle
4093	Income taxes, Change in accounting principle

****

Chart of Accounts

OPERATION and MAINTENANCE EXPENSE

By SUB-ACCOUNT

XXX - XXXX - XXXX - **SUBAC** - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY CATEGORY

Labor
Benefits
Employee Welfare
Insurance
Rent, Maint., & Utilities
Vehicles & Equip
Materials & Supplies
Information Technologies
Telecom
Marketing
Directors & Shareholders &PR
Dues & Membership Fees
Print & Postages
Travel & Entertainment
Training
Outside Services
Provision for Bad Debt
Miscellaneous
Expense Billings

SUMMARY BY SUB-ACCOUNT

LABOR

01000	Non-project Labor
01001	Capital Labor
01002	Capital Labor Contra
01004	Deferred Project Labor Contra
01006	O&M Project Labor and Contra
01008	Expense Labor Accrual
01010	PTO Accrual
01011	Capital Labor Transfer In
01012	Capital Labor Transfer Out
01013	Expense Labor Transfer In
01014	Expense Labor Transfer Out

EMPLOYEE WELFARE

01228	SERP Regulated Asset O&M
07421	Service Awards
07443	Uniforms
07444	Uniforms Capitalized
07447	Education Assistance Program
07449	Non-Qual Retirment Exp
07450	Capitalized Restricted Stock
07452	Variable Pay & Mgmt Incentive Plans
07453	Exec Compensation-Other
07454	VPP & MIP - Capital Credit
07458	Restricted Stock - Long Term Incentive Plan - Perf Based
07460	RSU-Long Term Incentive Plan - Time Lapse
07463	RSU-Managment Incentive Plan
07486	Rabbi Trust Realized Gain/Loss-Div
07487	COLI CSV & Premiums
07488	COLI Loan Interest
07489	NQ Retirement Cost
07490	SERP Capitalized
07492	NSC-NQ Retirement Cost
07493	NSC-SERP Capitalized
07495	Employee Broadcast and Publication
07497	Admin Fees SERP
07499	Misc Employee Welfare Exp

INSURANCE

04069	Blueflame Property Insurance
04070	Insurance-Other
04072	Insurance Capitalized
07111	Damages
07115	Insurance Reserve
07119	Insurance - D&O
07120	Environmental & Safety
07121	Insurance - Public Liability

BENEFITS

01202	Pension Benefits Load
01203	OPEB Benefits Load
01206	Pension Benefits Variance
01207	OPEB Benefits Variance
01208	Workers Comp Benefits Variance
01221	Workers Comp Benefits Load
01226	Pension Regulated Asset O&M
01227	OPEB Regulated Asset O&M
01229	Pension Reg Asset Amort
01230	OPEB Reg Asset Amort
01251	Medical Benefits Load
01252	Medical Benefits Variance
01253	Medical Benefits Projects
01256	Payroll Tax Projects
01257	ESOP Benefits Load
01258	ESOP Benefits Variance
01259	ESOP Benefits Projects
01260	Other Benefits Load
01261	Other Benefits Variance
01262	Other Benefits Projects
01263	RSP FACC Benefits Load
01264	RSP FACC Benefits Variance
01265	RSP FACC Benefits Projects
01266	Life Benefits Load
01267	Life Benefits Variance
01268	Life Benefits Projects
01269	LTD Benefits Load
01270	LTD Benefits Variance
01271	LTD Benefits Projects
01291	Pension Benefits Projects
01292	OPEB Benefits Projects
01293	Workers Comp Benefits Projects
01294	NSC-OPEB Benefits Load
01295	NSC-OPEB Benefits Variance
01296	NSC-OPEB Benefits Projects
01297	NSC-Pension Benefits Load
01298	NSC-Pension Benefits Variance
01299	NSC-Pension Benefits Projects
07496	Admin Fees Pension

Chart of Accounts

OPERATION and MAINTENANCE EXPENSE

By SUB-ACCOUNT

XXX - XXXX - XXXX - **SUBAC** - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY CATEGORY

Labor
Benefits
Employee Welfare
Insurance
Rent, Maint., & Utilities
Vehicles & Equip
Materials & Supplies
Information Technologies
Telecom
Marketing
Directors & Shareholders &PR
Dues & Membership Fees
Print & Postages
Travel & Entertainment
Training
Outside Services
Provision for Bad Debt
Miscellaneous
Expense Billings

SUMMARY BY SUB-ACCOUNT

RENT, MAINT., & UTILITIES

04308	Locusview amortization
04561	842 Variable Real Estate Lease Expense
04562	842 Variable Tower Lease Expense
04564	842 Variable Copier Lease Expense
04575	842 Short Term Lease Expense
04576	842 Short term Tower Lease Expense
04578	842 Real Estate Lease Expense
04579	842 Finance Lease Expense
04580	Building Lease/Rents Capitalized
04581	Non 842 Building Lease/Rents
04582	Building Maintenance
04585	Railroad easements and crossings
04590	Utilities
04592	Misc Rents
04593	Leased Gas Districts
04596	Utilities not allocated
04599	Capitalized Utility Costs
04801	Company Used Gas
05353	842 Tower Lease Expense

VEHICLES & EQUIPMENT

03001	Vehicle Depreciation Capitalized
03002	Vehicle Lease Payments
03003	Capitalized transportation costs
03004	Vehicle Expense
03009	842 Variable Heavy Equip Lease Expense
04301	Equipment Lease
04302	Heavy Equipment
04307	Heavy Equipment Capitalized
04309	Non-842 Heavy Equipment
04560	Non 842 Fleet Lease/Rents
04563	842 Variable Fleet Lease Expense

MATERIALS & SUPPLIES

02001	Inventory Materials
02002	Material Cost - Major Items
02004	Warehouse Loading Charge
02005	Non-Inventory Supplies
02006	Purchasing Card Charges
04306	Parts
05010	Office Supplies

Chart of Accounts

OPERATION and MAINTENANCE EXPENSE

By SUB-ACCOUNT

XXX - XXXX - XXXX - **SUBAC** - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY CATEGORY

Labor
Benefits
Employee Welfare
Insurance
Rent, Maint., & Utilities
Vehicles & Equip
Materials & Supplies
Information Technologies
Telecom
Marketing
Directors & Shareholders &PR
Dues & Membership Fees
Print & Postages
Travel & Entertainment
Training
Outside Services
Provision for Bad Debt
Miscellaneous
Expense Billings

SUMMARY BY SUB-ACCOUNT

INFORMATION TECHNOLOGIES

04065	Offsite Storage
04201	Software Maintenance
04212	IT Equipment

MARKETING

04001	Safety, Newspaper
04002	Required By Law, Safety
04017	Promo Sales, Consumer Rel
04018	Safety
04021	Promo Other, Misc
04022	Promo Sales, Misc
04023	GCA Public Notice Publication
04030	Energy Efficiency - Residential
04038	Natural Gas Vehicle Demo
04040	Community Rel&Trade Shows
04041	Gas Light Relight Program
04044	Advertising
04046	Customer Relations & Assist

DIRECTORS, SHAREHOLDERS & PR

04111	Director's Fees
04112	Board Meeting Expenses
04113	Directors Retirement Expenses
04120	Newswire/Blast Fax/Mail List
04121	Inv Relations/Bnkg Inst
04122	Annual Report Design, Printing & Dist.
04124	Fin Notice & Qtrly Rpt
04125	Proxy Solicitation Exp
04126	Transfer Agent Administration
04127	Tr & Reg of Bonds/Debt Fee
04129	NYSE Fees & Exps
04130	Bank Service Charge
04135	Reimbursement of Fraud Payments
04140	Analyst Activities
04141	Web Site
04145	Printing/Slides/Graphics
04146	Public Relations
04797	Line of Credit Fees

TELECOM

05310	Monthly Lines and service
05312	Long Distance
05314	Toll Free Long Distance
05316	Telecom Maintenance & Repair
05317	Telephone Directory
05323	Measurement & Meter Reading
05331	WAN/LAN/Internet Service
05351	AMI Tower Rent
05352	AMI Tower Fees
05364	Cellular, radio, pager charges
05376	Cell service for data uses
05377	Cell phone equipment and accessories
05380	Video Conference
05390	Audio Conference
05399	Capitalized Telecom Costs

DUES and MEMBERSHIP FEES

05415	Membership Fees - 05415
05416	Club Dues - Nondeductible
05417	Club Dues - Deductible
07510	Association Dues
07520	Donations

PRINT and POSTAGES

05111	Postage/Delivery Services
05215	842 Copier Lease Expense

Chart of Accounts

OPERATION and MAINTENANCE EXPENSE
By SUB-ACCOUNT

XXX - XXXX - XXXX - **SUBAC** - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY CATEGORY

Labor
Benefits
Employee Welfare
Insurance
Rent, Maint., & Utilities
Vehicles & Equip
Materials & Supplies
Information Technologies
Telecom
Marketing
Directors & Shareholders &PR
Dues & Membership Fees
Print & Postages
Travel & Entertainment
Training
Outside Services
Provision for Bad Debt
Miscellaneous
Expense Billings

SUMMARY BY SUB-ACCOUNT

TRAVEL & ENTERTAINMENT

05410	Misc - Nondeductible
05411	Meals and Entertainment
05412	Spousal & Dependent Travel
05413	Transportation
05414	Lodging
05419	Misc Employee Expense

TRAINING

05420	Employee Development
05421	Training
05422	Operator Qualifications Training
05424	Books & Manuals
05425	Regulatory Compliance Training
05426	Safety Training
05427	Technical (Job Skills) Training
05428	Computer Skills & Systems Training
05429	Work Environment Training

OUTSIDE SERVICES

05418	Settlement
05430	Gas Supplies Services
06111	Contract Labor
06112	Collection Fees
06113	Payment Services
06116	Bill Print Fees
06121	Legal

PROVISION FOR BAD DEBT

09927	Cust Uncol Acct-Write Off
09929	Cust Uncol Acct-Collections

MISCELLANEOUS

04825	Trans/Comp Exp O&M-Atmos P/L Tx
04780	Other Gas Costs
04863	A&G Overhead Clearing
04882	WIP Removal Cost
04889	Land Rights
07590	Misc General Expense
07592	Vendor Comp Sales Tax
[illegible]	Taxes Other Than Inc Tax
09911	Reimbursements
04824	Other Gas Supply Exp O&M

EXPENSE BILLING

09341	Admin & General Expenses
40001	Billed to West Tex Div
40002	Billed to CO/KS Div
40003	Billed to LA Div
40004	Billed to Mid St Div
40008	Billed to Mid-Tex Div
40009	Billed to MS Div
40010	Billed to Atmos Pipeline Div
40011	Billed to AELIG
40012	Billed to WKGS
40014	Billed to UCGS
40015	Billed to TLGP
40016	Billed to TLGS
40017	Billed to AP&S

EXPENSE BILLING

41101	Billed from Accounting & Tax
41103	Billed from Customer Service Center
41105	Billed from Gas Control
41107	Billed from HR
41108	Billed from HR Other
41109	Billed from IT
41112	Billed from Investor Relations
41113	Billed from Legal & Gov't Affairs
41115	Billed from Planning & Rates
41119	Billed from Treasury
41120	Billed from Risk Mgmt
41121	Billed from Management Committee
41123	Billing for Overhead Capitalized
41126	Billed from Utility Operations Council
41131	Billing for CSC O&M
41132	Billing for SS O&M
41138	Billed from Safety & Enterprise Svc

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

SHARED SERVICES, BLUEFLAME and OTHER

CORPORATE EXECUTIVE

1001	ATM-Dal Executive Chairman
1101	ATM-Dal-Chief Fin Officer
1102	ATM-Dal Utility Operation
1201	ATM-Dal President & CEO

CORPORATE BUDGET/ PLANNING/ RATE

1130	ATM-Dal-Busi Planning & Analysis
1150	ATM-Dal-Strategic Planning
1154	ATM-Dal-Rates & Regulatory
1157	ATM-Stakeholder Strategy

CORPORATE ACCOUNTING

1105	ATM-Dallas Audit
1114	ATM-Dal-VP & Controller
1117	ATM-Dal-Accounting Svcs
1119	ATM-Dal-General Accounting
1121	ATM-Dal-Plant Accounting
1122	ATM-Dallas Fin Rep & Acctg Svc
1125	ATM-Dal-Financial Reporting
1126	ATM-Dal-Payroll
1161	ATM-Dal-Benefits & Payroll Accounting
1123	ATM-Dal-Gas Accounting
1144	ATM-Dal-Gas Acctg Systems & Rate Admin
1155	ATM-Dal-Gas Pipeline Accounting
1141	ATM-Dal-Gas Purchase Acctg
1145	ATM-Dal-Revenue Accounting
1153	ATM-Dal-Distribution Acctg

GAS SUPPLY & PIPELINE ADMINISTRATION

1221	ATM-Dal Pipeline Admin
1821	ATM-Dal-Gas Supply Executive
1825	ATM-Franklin-Gas Control & Storage
1835	ATM-Franklin-Gas Control
1826	ATM-New Orleans-Gas Supply & Services
1827	ATM-Regional Supply Planning
1828	ATM-Jackson-West Region Gas Supply & Services
1829	ATM-Franklin-East Region Gas Supply & Services
1833	ATM-Corporate Gas Supply Risk Mgmt
1822	ATM-Dal-Regional Gas Supply
1823	ATM-Dal-Gas Contract Admin
1831	ATM-Dal-Gas Supply
1836	ATM-Dal-TBS System Support
1837	ATM-Dal-TBS Application Support
1838	ATM-Dal-TBS Technical Support
1839	ATM-Dal-TBS Transportation & Scheduling

CORPORATE HUMAN RESOURCES

1159	ATM-Dal-Technical Training
1216	ATM-Dallas Training Quality & Innovation
1401	ATM-Dal-Employment & Emp Rel
1402	ATM-Dallas Executive Compensation
1403	ATM-Dal SVP Human Resources
1405	ATM-Dal-Benefits
1408	ATM-Dal-Employee Dev
1414	ATM-Dal-Tech Training Delivery
1415	ATM-Dal-Tech Trng Prog & Curriculum
1416	ATM-Dal-Compensation & HRMS
1417	ATM-Dal Corporate Programs
1420	ATM-Dallas EAPC
1463	ATM-HR Benefit Variance
1901	ATM-Dallas Employee Relocation Exp
1904	ATM-Dallas Performance Plan
1908	ATM-Dallas SEBP

CUSTOMER SERVICE

1212	ATM-CSO-Customer Contact Center
1215	ATM-Dal-Dispatch Operations
1224	ATM-Dal-CSO Human Resources
1226	ATM-Dal-Customer Service
1228	ATM-Dal-Customer Revenue Management

CORPORATE LEGAL

1501	ATM-Dal-Legal
1503	ATM-Dal-Governmental Affairs
1505	ATM-Corporate Gas Contract Administration
1508	ATM-Dal-Energy Assistance
1131	ATM-Dallas Media Relations
1133	ATM-Dal-Corporate Communications
1502	ATM-Corporate Secretary
1504	ATM-Dal-Central Records
1905	ATM-Outside Director Retirement Cost

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

SHARED SERVICES, BLUEFLAME and OTHER

CORPORATE INFORMATION TECHNOLOGY

1134	ATM-Dal-IT
1146	ATM-Dallas IT Enterprise Solutions
1164	ATM-Dal-IT Security
1167	ATM-Dal-IT Enterprise Architecture
1135	ATM-Dal-IT E&O Corporate Systems
1137	ATM-Dal-IT Engineering & Operations
1156	ATM-Dal-IT Customer Services Systems
1158	ATM-CCC IT Support

TAXATION

1116	ATM-Dal-Taxation
1128	ATM-Dal-Property & Sales Tax
1129	ATM-Dal-Income Tax

OTHER

1903	ATM-Dal-Controller Misc
1910	ATM-Corporate Overhead Capitalized
1953	ATM-Dallas Enterprise Team Meeting
1954	ATM-Dallas Culture Council
9700	Blueflame

CORPORATE SAFETY & ENTERPRISE SERVICES

1108	ATM-Dal-Risk Management
1110	ATM-Dal-Supply Chain Management
1112	ATM-Dal-Mail & Supply
1118	ATM-Dal-Supply Chain
1209	ATM-Dal-Security & Compliance
1227	ATM-Dal-Customer Program Mgmt
1229	ATM-Dal Pipeline Safety
1407	ATM-Dal-Facilities
1913	ATM-Dal-Fleet Management
1915	ATM-Dallas Insurance

TREASURY & INVESTOR RELATIONS

1106	ATM-Dal-Investor Relations & Treasurer
1107	ATM-Dal-Treasury
1120	ATM-Dal-Accounts Payable
1132	ATM-Dal-Investor Relations

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

MID-TEX

MID-TEX - ADMINISTRATION

4101	MDTX-Div-President
4103	MDTX-Div-Human Resources
4104	MDTX-Div-Rates
4105	MDTX-Facilities
4108	MDTX-Div-Marketing

MID-TEX - FINANCE

4107	MDTX-Finance
4111	MDTX-Data Integrity Group
4121	MDTX-Relocation Expense
4602	MDTX-Asset Records
4606	MDTX-Finance Admin

MID-TEX - NORTH REGION

4165	MDTX-North Region West Area Dir Admin
4168	MDTX-North Region Garland District Central
4169	MDTX-North Region Carrollton West District
4174	MDTX-North Region Groesbeck District
4231	MDTX-North Region Admin
4232	MDTX-North Region Compliance Central
4233	MDTX-North Region Compliance WF
4234	MDTX-North Region Compliance ATH/LNG/COR
4235	MDTX-North Region Athens District
4237	MDTX-North Region Greenville District
4239	MDTX-North Region Longview District
4241	MDTX-North Region Paris District
4243	MDTX-North Region Sherman District C&M
4244	MDTX-North Region Sherman District CS
4245	MDTX-North Region Wichita Falls District
4246	MDTX-North Region Wichita Falls District Central
4247	MDTX-North Region Compliance SHE/PAR
4339	MDTX-North Region Corsicana District
4345	MDTX-North Reg East Mgr
4532	MDTX-North Region Mesquite District
4543	MDTX-North Region Compliance GAR
4544	MDTX-North Region Compliance DEN/BOYD
4561	MDTX-North Region Central Dir Admin
4563	MDTX-North Region McKinney District
4564	MDTX-North Region Plano District CS
4565	MDTX-North Region Garland District
4566	MDTX-North Region Rockwall District
4570	MDTX-North Region Central Area Mgr
4579	MDTX-North Region Denton District CS
4582	MDTX-North Region West Area Mgr
4586	MDTX-North Region Plano District C&M
4590	MDTX-North Region East Dir
4592	MDTX-North Region Denton District C&M
4593	MDTX-North Region HEB District CS
4594	MDTX-North Region Carrollton East District
4595	MDTX-North Region HEB District C&M
4609	MDTX-North Region McKinney District CS
4614	MDTX-North Region Boyd District

MID-TEX - PIPELINE TRANSPORTATION SERVICES

4160	MDTX-GS&D Contract Admin Supply
4163	MDTX-GS&D Marketing Manager
4164	MDTX-GS&D-Industrial Marketing

MID-TEX - PUBLIC AFFAIRS

4113	MDTX-Div-Public Affairs
4133	MDTX-Abilene-Public Affairs
4134	MDTX-Waco-Public Affairs
4136	MDTX-Ft Worth-Public Affairs
4137	MDTX-Plano-Public Affairs
4138	MDTX-Dallas-Public Affairs

MID-TEX - SOUTH REGION

4166	MDTX-South Region Dallas Meter Reading and Service
4172	MDTX-South Region Round Rock Central
4330	MDTX-South Region East Dir
4331	MDTX-South Region West Dir
4332	MDTX-South Region Compliance BRY/GRO/KAT
4333	MDTX-South Region Compliance West
4334	MDTX-South Region Compliance WAC/DES
4335	MDTX-South Region Bryan North
4336	MDTX-South Region Bryan South
4337	MDTX-South Region Round Rock C&M
4338	MDTX-South Region Round Rock East
4340	MDTX-South Region East Mgr
4341	MDTX-South Region Temple District
4342	MDTX-South Region Killeen District
4343	MDTX-South Region Waco South
4344	MDTX-South Region Waco NE
4346	MDTX-South Region Waco NW
4347	MDTX-South Region West Mgr
4348	MDTX-South Reg Round Rock West
4436	MDTX-South Region Kerrville District
4531	MDTX-South Region Admin
4541	MDTX-South Region Dallas Director Admin
4545	MDTX-South Region Compliance DAL
4560	MDTX-South Region Dallas C&M Mgr
4562	MDTX-South Region Dallas CS Mgr
4571	MDTX-South Region Dallas C&M North
4572	MDTX-South Region Dallas C&M South
4573	MDTX-South Region Dallas CS North
4574	MDTX-South Region Dallas CS Central
4575	MDTX-South Region Dallas CS South
4576	MDTX-South Region Dallas C&M Central
4577	MDTX-South Region Dallas C&M
4578	MDTX-South Region Dallas CS
4584	MDTX-South Region DeSoto District
4585	MDTX-South Region Waxahachie District

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- **Shared Services, Blueflame and Other**
- **Mid-Tex**
- **Kentucky/Mid-States**
- **Louisiana**
- **West Texas**
- **Mississippi**
- **Colorado/Kansas**
- **Atmos Pipeline Texas**
- **Trans Louisiana Gas Pipeline Group**
- **Other Pipeline & Storage**

MID-TEX

MID-TEX - WEST REGION

4131	MDTX-West Region Admin
4167	MDTX-West Region FT Worth Meter Reading and Service
4170	MDTX-West Region Arlington Meter Reading and Service
4173	MDTX-West Region Sweetwater District
4185	MDTX-West Reg ARL/IRV Dir
4431	MDTX-West Region West Dir
4432	MDTX-West Region Compliance EAS
4433	MDTX-West Region Compliance ABL
4434	MDTX-West Region Abilene District C&M
4435	MDTX-West Region Abilene District CS
4437	MDTX-West Region San Angelo District C&M
4438	MDTX-West Region Brownwood District
4439	MDTX-West Region Stephenville District
4440	MDTX-West Region Eastland District
4441	MDTX-West Region San Angelo District CS
4442	MDTX-West Region West Mgr
4443	MDTX-West Region Compliance MON
4546	MDTX-West Region Compliance FW
4547	MDTX-West Region CNG Operations
4548	MDTX-West Region Compliance ARL/IRV
4567	MDTX-West Region Ft Worth Area Mgr
4581	MDTX-West Region Ft Worth Dir
4583	MDTX-West Region Arlington Area Mgr
4587	MDTX-West Region Arlington District CS
4588	MDTX-West Region Irving District
4589	MDTX-West Region Fort Worth CS Central
4591	MDTX-West Region Arlington District C&M
4596	MDTX-West Region Fort Worth CS North
4597	MDTX-West Region Fort Worth CS South
4598	MDTX-West Region Fort Worth C&M North
4599	MDTX-West Region Fort Worth C&M South

MID-TEX - TECHNICAL SERVICES

4102	MDTX-Information Technology
4106	MDTX-Technical and Operating Services Admin
4109	MDTX-Engineering and Tech Support Admin
4118	MDTX-Div-Environmental
4119	MDTX-Div-Regulatory & Compliance
4122	MDTX-Gas Measurement Analysis
4123	MDTX-Gas Measurement Engineering & Lab
4124	MDTX-Construction Management Dallas-North
4125	MDTX-Div-Engineering Services Northeast
4126	MDTX-Div-Engineering Services South
4127	MDTX-Div-Engineering Services Dal-West
4128	MDTX-Div-Engineering Services Programs
4129	MDTX-Engineering Services Admin North
4130	MDTX-Engineering Services Fort Worth
4139	MDTX-Engineering Services CAD
4141	MDTX-Asset Management
4144	MDTX-Corrosion & Integrity
4145	MDTX-Operations Support
4147	MDTX-Safety
4153	MDTX-Distribution GIS South
4154	MDTX-Info Mgt
4155	MDTX-Div-Right of Way
4177	MDTX-Integrity Management Admin
4178	MDTX-Integrity System Engineering
4179	MDTX-TS Compliance Admin
4180	MDTX-Asset Mgmt Admin
4181	MDTX-GIS Information Management
4182	MDTX-Construction Management Inspection
4183	MDTX-Replacement Projects Admin Dallas
4184	MDTX-Replacement Projects Admin Ft Worth
4186	MDTX-Engineering Services Admin South
4187	MDTX-Replacement Projects Dallas
4188	MDTX-Replacement Projects Ft Worth
4542	MDTX-Div-Pressure Control Metro
4600	MDTX-Compliance Monitoring
4601	MDTX-Compliance Reporting
4603	MDTX-Construction Management Southwest
4604	MDTX-Compliance Integrity
4605	MDTX-Compliance Engineering
4607	MDTX-Div-Engineering Services Northwest
4608	MDTX-Construction Management Southeast
4610	MDTX-Distribution GIS North
4611	MDTX-Compliance Management
4612	MDTX-Project Reporting
4613	MDTX-Operations Support Hydrotesting
4615	MDTX-Compliance Damage Prevention
4616	MDTX-Compliance ILD

****

Chart of Accounts

ATMOS energy

COST CENTER LISTING
By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

ATMOS PIPELINE TEXAS

APT - ADMINISTRATION

9620	APT-Regulatory
9621	APT-President
9622	APT-Human Resources
9796	APT-VP Finance

APT - TRANSPORTATION SERVICES

9603	APT-Gas Mktg & Transportation
9604	APT-Industrial Gas Mktg & Transportation
9606	APT-Contract Administration
9607	APT-Pipeline Marketing
9816	APT-Pipeline Marketing Contract Administration

APT - FINANCE

9625	APT-Finance
9628	APT-Data Integrity Group
9692	APT-Relocation Expenses
9733	APT-Asset Records
9783	APT-Finance Admin

APT - PUBLIC AFFAIRS

9629	APT-Public Affairs
9711	APT-Abilene Area Public Affairs
9712	APT-Waco Area Public Affairs
9714	APT-Ft Worth Area Public Affairs
9715	APT-Plano Area Public Affairs
9716	APT-Dallas Area Public Affairs

APT - STORAGE AND COMPRESSION

9643	APT-Div Gas Storage & Compression
9811	APT-West Storage & Compression
9812	APT-East Storage & Compression

APT - GAS CONTROL

9612	APT-Gas Control
9613	APT-Gas Scheduling
9614	APT-Gas Control Operations
9650	APT-SCADA/RTU Operations

APT - NORTH REGION

9654	APT-North Region Admin
9655	APT-North Region Compliance Central
9684	APT-North Region Central Area Dir Admin
9608	APT-North Region Carrollton West District
9659	APT-North Region Greenville District
9661	APT-North Region Paris District
9685	APT-North Region Central Area Mgr
9688	APT-North Region Plano District C&M
9706	APT-North Region Plano District CS
9720	APT-North Region McKinney District
9737	APT-North Region Carrollton East District
9814	APT-North Region McKinney District CS
9658	APT-North Region Athens District
9660	APT-North Region Longview District
9670	APT-North Region Corsicana District
9699	APT-North Region Mesquite District
9708	APT-North Region Garland District Central
9721	APT-North Region Garland District
9723	APT-North Region Rockwall District
9770	APT-North Region Groesbeck District
9808	APT-North Region East Area Mgr
9657	APT-North Region Compliance ATH/LNG/COR
9682	APT-North Region Compliance GAR
9689	APT-North Region East Dir
9662	APT-North Region Sherman District C&M
9663	APT-North Region Wichita Falls District
9687	APT-North Region West Area Mgr
9697	APT-North Region Denton District C&M
9698	APT-North Region HEB District CS
9704	APT-North Region Wichita Falls District Central
9705	APT-North Region Sherman District CS
9738	APT-North Region HEB District C&M
9785	APT-North Region Boyd District
9786	APT-North Region Denton District CS
9656	APT-North Region Compliance WF
9765	APT-North Region Compliance SHE/PAR
9802	APT-North Region Compliance DEN/BOYD
9806	APT-North Region West Area Dir

APT - SOUTH REGION

9680	APT-South Reg Admin
9548	APT-South Reg Round Rock West
9605	APT-South Region West Mgr
9664	APT-South Region West Dir
9666	APT-South Region Compliance West
9669	APT-South Region Round Rock C&M
9671	APT-South Region Temple District
9677	APT-South Region Kerrville District
9694	APT-South Region Killeen District
9707	APT-South Region Round Rock East
9741	APT-South Region Round Rock Central
9601	APT-South Region East Mgr
9665	APT-South Region Compliance BRY/GRO/KAT
9667	APT-South Region Compliance WAC/DES
9668	APT-South Region Bryan North
9672	APT-South Region Waco South
9695	APT-South Region East Dir
9702	APT-South Region Bryan South
9703	APT-South Region Waco NE
9734	APT-South Region Waco NW
9745	APT-South Region DeSoto District
9746	APT-South Region Waxahachie District

Chart of Accounts

COST CENTER LISTING
By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

Shared Services, Blueflame and Other
Mid-Tex
Kentucky/Mid-States
Louisiana
West Texas
Mississippi
Colorado/Kansas
Atmos Pipeline Texas
Trans Louisiana Gas Pipeline Group
Other Pipeline & Storage

ATMOS PIPELINE TEXAS

APT - WEST REGION

9642	APT-West Reg Admin
9686	APT-West Region Ft Worth Dir
9803	APT-West Region Compliance FW
9710	APT-West Region Fort Worth CS Central
9735	APT-West Region Ft Worth CS North
9736	APT-West Region Ft Worth CS South
9739	APT-West Region Fort Worth C&M North
9740	APT-West Region Fort Worth C&M South
9804	APT-West Region CNG Operations
9809	APT-West Region Ft Worth Area Mgr
9602	APT-West Region West Mgr
9673	APT-West Region West Dir
9674	APT-West Region Compliance EAS
9675	APT-West Region Compliance ABL
9676	APT-West Region Abilene District C&M
9678	APT-West Region San Angelo District C&M
9679	APT-West Region Brownwood District
9760	APT-West Region Eastland District
9775	APT-West Region Sweetwater District
9776	APT-West Region Stephenville District
9777	APT-West Region San Angelo District CS
9778	APT-West Region Abilene District CS
9799	APT-West Region Compliance MON
9570	APT-West Reg Arlington Meter Reading and Service
9696	APT-West Region Arlington Area Mgr
9701	APT-West Region Irving District
9722	APT-West Region Arlington District CS
9724	APT-West Region ARL/IRV Dir
9747	APT-West Region Arlington District C&M
9810	APT-West Region Compliance ARL/IRV

APT - NORTHSIDE LOOP

9691	APT-Northside Loop

APT - TECHNICAL SERVICES

9690	APT-Technical and Operating Services Admin
9754	APT-Asset Mgmt Admin
9644	APT-Asset Management
9681	APT-Pressure Control
9781	APT-Compliance Integrity
9757	APT-Replacment Projects Admin Dallas
9758	APT-Replacement Projects Admin Ft Worth
9761	APT-Replacement Projects Ft Worth
9634	APT-Environmental & Supply Chain
9638	APT-Construction Management Dallas-North
9646	APT-Operations Support
9653	APT-Right of Way
9756	APT-Construction Management Inspection
9780	APT-Construction Management Southwest
9813	APT-Construction Management Southeast
9819	APT-Operations Support Hydrotesting
9753	APT-TS Compliance Admin
9618	APT-Distribution GIS (South)
9635	APT-Regulatory & Compliance
9652	APT-Info Mgt
9709	APT-GIS Information Management
9748	APT-Compliance Monitoring
9749	APT-Compliance Reporting
9752	APT-Compliance Damage Prevention
9755	APT-Compliance ILD
9782	APT-Compliance Engineering
9815	APT-Distribution GIS (North)
9817	APT-Compliance Management
9818	APT-Project Reporting
9645	APT-Corrosion and Integrity Projects
9797	APT-Integrity Management Admin
9798	APT-Integrity System Engineering
9627	APT-Engineering and Tech Support Admin
9502	APT-Engineering Services CAD
9619	APT-Engineering Services Programs
9624	APT-Engineering Services Admin North
9636	APT-Gas Measurement Analysis
9637	APT-Gas Meter Shop
9639	APT-Engineering Services Central
9641	APT-Engineering Service Dal-West
9784	APT-Engineering Services
9501	APT-Engineering Services Fort Worth
9640	APT-Engineering Services South
9787	APT-Engineering Services Admin South
9611	APT-Information Technology
9648	APT-Safety

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

KENTUCKY/ MID-STATES

KMD - ADMINISTRATION

2604	KMD-Rates & Regulatory Affairs
2703	KMD-Governmental Affairs
2732	KMD-Residential & Commercial Mktg
3301	KMD-President
3303	KMD-Human Resources
3304	KMD-Franklin Rates & Regulatory Affairs
3307	KMD-Finance
3321	KMD-Relocation Expense
3333	KMD-Public Affairs
3363	KMD-HR Benefit Variance

KMD - TECHNICAL SERVICES

2602	KMD-Owensboro Information Services
2612	KMD-Measurement
2618	KMD-Safety
2653	KMD-KY Pipe Replacement
3302	KMD-Information Services
3305	KMD-Tech Svcs
3306	KMD-Maps/Records
3314	KMD-Environmental Services
3315	KMD-Engineering
3320	KMD-Compliance
3444	KMD-Cool Springs-Pipeline Integ Mgt
3561	KMD-Columbus Sub Region Lng

KMD - NORTH REGION

2609	KMD-Owensboro-Storage&Transmission
2631	KMD-North Region Ops Admin
2634	KMD-Madisonville-C&M/Service
2635	KMD-Princeton-C&M/Service
2636	KMD-Owensboro-C&M/Service
2637	KMD-Paducah-C&M/Service
2638	KMD-Mayfield-C&M/Service
2651	KMD-Owensboro-Operations
2734	KMD-Bowling Green-C&M/Service
2735	KMD-Glasgow-C&M/Service
2736	KMD-Hopkinsville-C&M/Service
2737	KMD-Danville-C&M/Service
2738	KMD-Campbellsville-C&M/Service
2739	KMD-Shelbyville KY-C&M/Service
2750	KMD-Bowling Green-Operations
3338	KMD-Union City-C&M/Service
3351	KMD-Paducah - Operations

KMD - SOUTH REGION

3331	KMD-S Region Ops Admin
3341	KMD-Columbia Operations
3342	KMD-Franklin/Columbia-C&M/Service
3343	KMD-Murfreesboro-C&M/Service
3344	KMD-Shelbyville TN-C&M/Service
3352	KMD-Central Region South Compliance
3434	KMD-Maryville-C&M/Service
3435	KMD-Morristown/Greeneville-C&M/Service
3436	KMD-Johnson City/Kingsport-C&M Service
3438	KMD-Radford-Blacksburg-C&M/Service
3439	KMD-Bristol/Marion-C&M/Service
3450	KMD-Franklin-Operations
3451	KMD-Johnson City-Operations

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

LOUISIANA

LA - ADMINISTRATION

2401	LA-Admin
2404	LA-Rates & Regulatory Affairs
2407	LA-Finance
2431	LA-Finance/Accounting
2432	LA-Finance-Billing
2541	LA-E Region Public Affairs
2542	LA-W Region Public Affairs
2543	LA-Lafayette Public Affairs
4066	LA-Gas Procurement

LA - HUMAN RESOURCES

2403	LA-Human Resources
2421	LA-Relocation Expense
2463	LA-HR Benefit Variance
2476	LA DIV EAC

LA MARKETING

2408	LA-Marketing
2532	LA-Western Sales
4032	LA-Div-Sales

LA TECHNICAL SERVICES

2402	LA-Information Technology
2405	LA-Technical Services
2406	LA-Engineering Services
2409	LA-Measurement
2411	LA-Technical Support
2415	LA-Compliance
2418	LA-Safety
2425	LA-SIIP
2444	LA-Pipeline Integrity Management
2467	LA-Drafting

LA - EAST REGION

2412	LA-Eastern Region Compliance
2470	LA-Eastern Region Service Compliance
2472	LA-Northlake C&M
2473	LA-Northlake Service
2474	LA Hammond C&M
2475	LA-Ascension-C&M
4016	LA-Metairie-Eastern Region Admin
4034	LA-E Jefferson St Bernard Service
4035	LA-W Jefferson-Service
4036	LA-River Parishes-Service
4037	LA-Eastern Region Construction
4039	LA-E Jefferson St Bernard C&M
4041	LA-W Jefferson-C&M
4043	LA-St Bernard-C&M/Service
4044	LA-River Parishes-C&M
4050	LA-Eastern Region C&M
4051	LA-Metro West-Operations

LA - WEST REGION

2515	LA-Western Region Construction
2516	LA-Western Region-Admin
2539	LA-Western Region Compliance
2450	LA-Lafayette-Operations
2451	LA-Lafayette-C&M
2453	LA-Lafayette-Service
2454	LA-Pineville C&M/Service
2455	LA-Natchitoches C&M/Service
2535	LA-Monroe-Operations
2536	LA-Monroe-C&M
2538	LA-Monroe Service

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

WEST TEXAS

WTX - ADMINISTRATION

2001	WTX-Lubbock Admin
2003	WTX-Lubbock Hum Res
2004	WTX-Lubbock Rt&Reg Af
2007	WTX-Lubbock Finance
2010	WTX-Lubbock Revenue Mgmt
2021	WTX-Div Relocation Expense
2025	WTX-Lubbock-Public Aff
2044	WTX-Div Pipeline Integrity Management
2063	WTX-Div HR Benefit Variance

WTX - MARKETING

2008	WTX-Lubbock Marketing
2032	WTX-Lubbock-Ctrl Region Sales
2037	WTX-Lubbock Ag & Industrial Svcs
2132	WTX-Amarillo-N Region Sales
2232	WTX-Midland-S Region Sales

WTX - TECHNICAL SERVICES

2009	WTX-Lubbock Meas
2012	WTX-Lubbock-Asset Integrity & Cmplnce
2014	WTX-Lubbock Supply Chain
2006	WTX-Lubbock Eng Svcs
2011	WTX-Lubbock-Facilities Replacement
2002	WTX-Lubbock Info Tech
2013	WTX-Lubbock Map&Rec
2005	WTX-Lubbock Tech Serv
2018	WTX-Lubbock-Safety
2019	WTX-Lubbock-Technical Support

WTX - NORTH REGION

2038	WTX-Div Triangle Operations
2134	WTX-Amarillo-C&M/Service
2135	WTX-Pampa-C&M/Service
2035	WTX-Levelland-C&M/Service
2036	WTX-Plainview-Admin
2136	WTX-Plainview-Compliance
2131	WTX-Amarillo-N Region Admin

WTX - SOUTH REGION

2234	WTX-Permian Basin-C&M/Service
2236	WTX-Big Spring-C&M/Service
2237	WTX-Seminole/Brnfld-C&M/Serv
2034	WTX-Lubbock-C&M/Service
2231	WTX-Midland-S Region Admin
2233	WTX-Div Midland So Region Pub Affairs

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- **Shared Services, Blueflame and Other**
- **Mid-Tex**
- **Kentucky/Mid-States**
- **Louisiana**
- **West Texas**
- **Mississippi**
- **Colorado/Kansas**
- **Atmos Pipeline Texas**
- **Trans Louisiana Gas Pipeline Group**
- **Other Pipeline & Storage**

MISSISSIPPI

MS - ADMINISTRATION

5033	MS-Jackson-Public Affairs
5001	MS-Jackson-Administration
5003	MS-Jackson-Human Resources
5007	MS-Jackson-Finance
5021	MS-Relocation Expense
5163	MS-HR Benefit Variance
5008	MS-Jackson-Marketing
5004	MS-Jackson-Regulatory Affairs

MS - TECHNICAL SERVICES

5002	MS-Jackson-Information Services
5005	MS-Jackson-Technical Services
5006	MS-Jackson-Engineering
5009	MS-Jackson-Meter Shop
5018	MS-Jackson-Safety Tech Services
5020	MS-Jackson-Project Managemen
5067	MS-Jackson-Purchasing
5093	MS-Asset Integrity & Compliance

MS - NORTH REGION

5131	MS-North Region Admin
5132	MS-Div-Marketing
5034	MS-Greenville-Operations
5035	MS-Indianola-Operations
5135	MS-Clarksdale-Operations
5136	MS-Cleveland-Operations
5139	MS-Greenwood-Operations
5145	MS-Columbus-Operations
5146	MS-Starkville-Operations
5148	MS-Westpoint-Operations
5168	MS-Northern Compliance
5170	MS-Tupelo-Operations
5171	MS-Amory-Operations
5172	MS-Amory-Amory Storage
5173	MS-Goodwin Storage Field
5134	MS-Southaven-Operations
5140	MS-Grenada-Operations

MS - SOUTH REGION

5031	MS-South Region Admin
5032	MS-Jackson-South Region Marketing
5019	MS-Jackson-Service/C&M
5038	MS-Yazoo City-Operations
5039	MS-Meridian-Operations
5040	MS-Natchez-Operations
5068	MS-Southern-Compliance
5070	MS-Jackson-Jackson Summary
5071	MS-Jackson-Service
5072	MS-Jackson-Office Operations
5073	MS-Jackson-Construction
5096	MS-Jackson-Dist Vehicle Shop
5142	MS-Kosciusko-Operations
5144	MS-Louisville-Operations (Use 5142)

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

- Shared Services, Blueflame and Other
- Mid-Tex
- Kentucky/Mid-States
- Louisiana
- West Texas
- Mississippi
- Colorado/Kansas
- Atmos Pipeline Texas
- Trans Louisiana Gas Pipeline Group
- Other Pipeline & Storage

COLORADO/ KANSAS

CKS - ADMINISTRATION

3001	COKS-Denver-Administration
3004	COKS-Denver-Rates & Reg Aff
3007	COKS-Denver-Finance
3008	COKS-Denver-Marketing
3033	COKS-Denver-Public Affairs
3003	COKS-Denver-Human Res
3021	COKS-Div Relocation Expense
3063	COKS-Div HR Benefit Variance

CKS - TECHNICAL SERVICES

3002	COKS-Denver-Info Tech
3005	COKS-Denver-Tech Services
3006	COKS-Colorado-Engineering-Design
3009	COKS-Independence-Storage
3011	COKS-Denver-GIS
3012	COKS-Denver-Eng&Corr Ctrl
3018	COKS-Denver-Safety
3130	COKS-Kansas-Engineering-Design

CKS - COLORADO

Colorado Admin

3031	COKS-Colorado-Admin
3032	COKS-Colorado-Marketing

Colorado North Region

3015	COKS-Greeley-Compliance
3030	COKS-Greeley-Service
3034	COKS-Greeley-C&M
3035	COKS-Yampa Valley-C&M/Svc
3036	COKS-Div Craig C&M/Service
3050	COKS-Greeley-Operations

Colorado South Region

3037	COKS-Canon City-C&M/Service
3038	COKS-Salida/Gunnison-C&M/Svc
3039	COKS-Div Gunnison C&M/Service
3040	COKS-Lamar-C&M/Service
3041	COKS-SW Colorado-C&M/Svc
3042	COKS-Div Cortez C&M/Service
3051	COKS-Durango-Operations

CKS - KANSAS

Kansas Admin

3131	COKS-Kansas-Admin
3132	COKS-Kansas-Marketing

Kansas North Region

3141	COKS-Olathe-Operations
3143	COKS-Olathe-C&M/Service

Kansas South Region

3136	COKS-Herington-C&M/Service
3139	COKS-Johnson-C&M/Service
3144	COKS-Independence-Operations
3145	COKS-Independence-C&M/Service
3146	COKS-Yates Center-C&M/Service

****

Chart of Accounts

COST CENTER LISTING

By DIVISION/ DEPARTMENT

XXX - COCO - XXXX - XXXXX - XXXXXX - 0000

Operation and Maintenance expenses are reported and budgeted by Sub-Account

SUMMARY BY DIVISION

Shared Services, Blueflame and Other
Mid-Tex
Kentucky/Mid-States
Louisiana
West Texas
Mississippi
Colorado/Kansas
Atmos Pipeline Texas
Trans Louisiana Gas Pipeline Group and Other

PIPELINE & STORAGE (OTHER)

TLGP/ TLGS

8520	Atmos Pipeline & Storage Corporate
8540	TLGS-Corporate
9001	TLGP-Lafayette Region
9002	TLGP- Administration
9003	TLGP- Gas Procurement
9006	TLG-Lafayette-TLGP Operations
9008	TLG-Lafayette-TLGP Pine Pipeline

GATHERING

9825	Atmos Gathering Company

OTHER

KENTUCKY STORAGE

8501	UCG Storage-Corporate
8502	KMD-Storage-Barnsley KY
8530	WKG Storage-Corporate
8531	KMD-Storage-East Diamond
8534	WKG Storage-Tar Spring Storage Field

HOLDING AND OTHER

8401	AEP-Corporate
8801	Egasco-Corporate
8900	Nonregulated Financial Services
9820	Phoenix Gas Gathering Company
9110	AES-Retail Services
8600	Atmos Power Systems Inc

AELIG

8410	AELIG-Corporate
8411	AELIG-Marketing
8412	AELIG-Gas Supply
8413	AELIG-Trading

****

Chart of Accounts

ATMOS energy

SERVICE AREA LISTING

By DIVISION/ STATE

XXX - XXXX - XXXX - XXXXX - **SERARA** - 0000

The first three digits of the Service area field are the primary coding utilized for cost allocations within Atmos and is generally referred to as "Rate division number". These codes are the primarily source of information for regulatory reporting and rate activity.

SUMMARY BY DIVISION

- **Shared Services, Blueflame and Other**
- **Mid-Tex**
- **Atmos Pipeline Texas**
- **Kentucky/Mid-States**
- **Louisiana**
- **West Texas**
- **Mississippi**
- **Colorado/Kansas**
- **Trans Louisiana Gas Pipeline Group**
- **Other Pipeline & Storage**

SHARED SERVICES, BLUEFLAME and OTHER

SHARED SERVICES		BLUEFLAME and OTHER	
S002000	Shared Services General Office	**830000**	Blueflame
S012000	Customer Support	**989000**	Blueflame (Elim)
S042000	Distribution Income Deferred Tax		

MID-TEX

190DIV---198DIV		200DIV---208DIV	
190DIV	Mid-Tex Div 190 - *(190000 thru 190999)*	**200DIV**	Div 200 - *(200000 thru 200999)*
191DIV	Mid-Tex Div 191 - *(191000 thru 191999)*	**201DIV**	Division Inside City Limits served from the City Gate *(201000 thru 201999)*
192DIV	Mid-Tex Div 192 - *(192000 thru 192999)*	**202DIV**	Division Outside City Limits served from the City Gate *(202000 thru 202999)*
193DIV	Mid-Tex Div 193 - *(193000 thru 193999)*	**203DIV**	Division Inside City Limits served from the Mainline *(203000 thru 203999)*
194DIV	Mid-Tex Div 194 - *(194000 thru 194999)*	**204DIV**	Division Outside City Limits served from the Mainline *(204000 thru 204999)*
195DIV	Mid-Tex Div 195 - *(195000 thru 195999)*	**205DIV**	Division IC Limits served from a CG diff from the town number *(205000 thru 205999)*
196DIV	Mid-Tex Div 196 - *(196000 thru 196999)*	**206DIV**	Division OC Limits served from a CG diff from the town number *(206000 thru 206999)*
197DIV	Mid-Tex Div 197 - *(197000 thru 197999)*	**207DIV**	Division Inside City Limits *(207000 thru 207999)*
198DIV	Mid-Tex Div 198 - *(198000 thru 198999)*	**208DIV**	Division Outside City Limits
690000	Deferred Tax-Mid-Tex Div		

APT

700DIV		NORTHSIDE LOOP	
700DIV	Atmos Pipeline - Texas Division *(700000 thru 700999)*	**710000**	NSL-Atmos Only
712000	Transmission Income Deferred Tax	**711000**	NSL-Partnership
		711001	NSL-Howard - ETF Compressors
		711002	NSL-Ponder Compressors

KENTUCKY/ MID-STATES

KENTUCKY		TENNESSEE	
009DIV	Kentucky Div - *(009000 thru 009999)*	**093DIV**	Tennessee Div - *(093000 thru 093999)*
609000	Deferred Tax-Ky/Mid-States-Kentucky	**693000**	Deferred Tax-Ky/Mid-States-Tennessee

VIRGINIA		GEORGIA	
096DIV	Virginia Div - *(096000 thru 096999)*	**095DIV**	Georgia Div - *(095000 thru 095999)*
696000	Deferred Tax-Ky/Mid-States-Virginia		

ADMINISTRATION		KENTUCKY STORAGE	
091000	Ky/Mid-States - S091000	**800000**	Storage-Corporate
091001	Ky/Mid-States w/ Liberty	**800001**	Barnsley
091132	Operations	**817000**	WKG Storage Inc
691000	Deferred Tax-Ky/Mid-States-General Office	**817001**	East Diamond
		817003	Alcan Pipeline
		817004	Tar Springs Storage Field

Chart of Accounts

SERVICE AREA LISTING

By DIVISION/ STATE

XXX - XXXX - XXXX - XXXXX - **SERARA** - 0000

The first three digits of the Service area field are the primary coding utilized for cost allocations within Atmos and is generally referred to as "Rate division number". These codes are the primarily source of information for regulatory reporting and rate activity.

SUMMARY BY DIVISION

Shared Services, Blueflame and Other
Mid-Tex
Atmos Pipeline Texas
Kentucky/Mid-States
Louisiana
West Texas
Mississippi
Colorado/Kansas
Trans Louisiana Gas Pipeline Group
Other Pipeline & Storage

LOUISIANA

LGS DIVISION

077DIV	LGS Division - *(077000 thru 077999)*

TRANSLA DIVISION

007DIV	Trans La - *(007000 thru 007999)*

ADMINISTRATION

S607000	Deferred Tax-Louisiana Div
S107000	AE Louisiana Overhead

AELIG

S061000	AELIG Administration
S056000	TLIG-LGSI
S059000	TLIG
S826000	WMLLC New Orleans

WEST TEXAS

WEST TEXAS DISTRIBUTION

003DIV	Amarillo City Plant Division - *(003000 thru 003999)*
004DIV	Fritch & Sanford City Plant Division - *(004000 thru 004999)*
005DIV	West Texas City Plant Division - *(005000 thru 005999)*
006DIV	Dalhart City Plant Division - *(006000 thru 006999)*
013DIV	Amarillo Rural Division - *(013000 thru 013999)*
016DIV	Lubbock City Plant Division - *(016000 thru 016999)*
017DIV	Dalhart Rural Division - *(017000 thru 017999)*
018DIV	Dalhart Rural Irrigation Division - *(018000 thru 018999)*
020DIV	West Texas Lubbock Environs Division - *(020000 thru 020999)*
021DIV	West Texas Rural Division - *(021000 thru 021999)*

ADMIN and OTHER

010000	West Texas Div Admin
010010	Amarillo
610000	Deferred Tax-West Texas Div
008DIV	West Texas Rural Irrigation Division - *(008000 thru 008999)*
019DIV	West Texas Div- Triangle Pipeline - *(019000 thru 019999)*

INACTIVE - *(for historiscal reporting only)*

001000	Amarillo Transmission
014000	Non-Regulated Industrial
015000	Regulated Industrial
015003	Industrial-AM City Gate
015005	Industrial-WT-City Gate
015021	Industrial-WT-Rural
040000	CNG

MISSISSIPPI

MISSISSIPPI

170DIV	Mississippi Division - *(170000 thru 170999)*

MISSISSIPPI OTHER

171000	Mississippi PBR
172000	MS-Asset Opitmization
670000	Deferred Tax-Mississippi Div

Chart of Accounts

SERVICE AREA LISTING

By DIVISION/ STATE

XXX - XXXX - XXXX - XXXXX - **SERARA** - 0000

The first three digits of the Service area field are the primary coding utilized for cost allocations within Atmos and is generally referred to as "Rate division number". These codes are the primarily source of information for regulatory reporting and rate activity.

SUMMARY BY DIVISION

Shared Services, Blueflame and Other
Mid-Tex
Atmos Pipeline Texas
Kentucky/Mid-States
Louisiana
West Texas
Mississippi
Colorado/Kansas
Trans Louisiana Gas Pipeline Group
Other Pipeline & Storage

COLORADO/ KANSAS

COLORADO

031DIV	Colorado ADM Division - *(031000 thru 031999)*
033DIV	Colorado Div (N.E.CO prior to Oct-20) - *(033000 thru 033999)*
034DIV	Northwest & Central Colorado Division - *(034000 thru 034999)*
035DIV	Southeast Colorado Division - *(035000 thru 035999)*
036DIV	Southwest Colorado Division - *(036000 thru 036999)*
631000	Deferred Tax-Co/Ks Div-Colorado

ADMINISTRATION

030000	COKS/Denver Company Office
030810	Greeley
630000	Deferred Tax-Co/Ks Div-General Office

KANSAS

081DIV	Kansas Division - *(081000 thru 081999)*
681000	Deferred Tax-Co/Ks Div-Kansas

OTHER

TLGP and OTHER P&S

818000	Atmos Pipeline & Storage
861000	Shrewsbury - S861000
862000	Atlas Engineering Interconnect
867000	Straight Cr Gathering Co LLPt
868000	Park Cityt
822000	TLGS-Corporatet
052000	TLGP
057000	TLGP-LGSN
058000	TLGP-Pine Pipeline JV
060000	TLGP-Sport Pipeline
983000	Atmos Storage (Elim)

INACTIVE - *(for historiscal reporting only)*

815000	Atmos Energy Marketing LLC
870005	Exploration
870006	Woodward Marketing
880000	Rental
880145	Murfreesboro-Rental Division
880156	Morristown-Rental Division
880157	Johnson City
821000	Woodward Corporate
824000	WMLLC Franklin
825000	AEM - Owensboro, KY
825001	AEM - Louisville, KY
827000	WMLLC Dallas
831000	AEM-Fair Hope, AL
832000	AEM-Olathe, KS
834000	AEM - Louisville, KY

OTHER

981000	Atmos Energy Corporation Cons (Elim)
987000	Other Operating Companies (Elim)
992000	Distribution & AEH (Elim)
890000	Atmos Power Systems
866000	Phoenix Gas Gathering Company
050000	Egasco
053000	AEP
820000	AEHI Corporate
055000	Corporate-AES
055001	Retail-AES
055002	Wholesale-AES
811000	WKG Energy Services
812000	United Cities Energy Services
813000	Greeley Energy Services
814000	Energas Energy Services Trust

****