

**JOHN N. HUGHES**  
*Attorney at Law*  
Professional Service Corporation  
124 West Todd Street  
Frankfort, Kentucky 40601

Telephone: (502) 227-7270

[jnhughes@johnnhughespsc.com](mailto:jnhughes@johnnhughespsc.com)

July 7, 2021

Linda C. Bridwell  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Atmos Energy Corporation  
Case No. 2021-00214

Dear Ms. Bridwell:

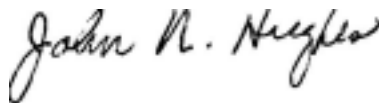
Atmos Energy Corporation submits its response to the letter of July 2, 2021. I certify that the electronic documents are true and correct copies of the original documents and that the paper copy will be filed pursuant to the Commission's COVID-19 orders.

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

Submitted By:

Mark R. Hutchinson  
Wilson, Hutchinson and Littlepage  
611 Frederica St.  
Owensboro, KY 42301  
270 926 5011  
[randy@whplawfirm.com](mailto:randy@whplawfirm.com)

And



John N. Hughes  
124 West Todd St.  
Frankfort, KY 40601  
502 227 7270  
[jnhughes@johnnhughespsc.com](mailto:jnhughes@johnnhughespsc.com)

Attorneys for Atmos Energy Corporation

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**Application of Atmos Energy Corporation )  
for an Adjustment of Rates ) Case No. 2021-00214  
and Tariff Modifications )**

**RESPONSE TO LETTER OF JULY 2, 2021  
AND MOTION FOR DEVIATION**

Atmos Energy Corporation (“Atmos Energy”), by counsel, responds to the letter from the Commission dated July 2, 2021, listing the following deficiencies and moves for an order granting a deviation from the listed regulations pursuant to 807 KAR 5:001(22).

**Background and Response to Deficiency Letter**

On June 30, 2021, Atmos Energy filed its Application for an Adjustment of Rates. As part of this Application, Atmos Energy provided at Tab Six a copy of its customer notice.

On July 2, 2021, Atmos Energy received a deficiency letter from the Staff listing five deficiencies, three of which were related to the customer notice. Below is Atmos Energy’s response to each of the five deficiencies:

- (1) 807 KAR 5:001, Section 16(7)(o): Complete monthly budget variance reports, with narrative explanations, for the 12 months immediately prior to base period, each month of base period, and subsequent months, as available; Provided reports for June 2020 – May 2021. The base period is Oct. 2020 – Sept. 2021, so reports should be for Oct. 2019 – May 2021.

**Atmos Energy Response:** The information inadvertently excluded from the required report has been added. The corrected report is attached.

- (2) 807 KAR 5:001, Section 16(8)(n): Typical bill comparison under present and proposed rates for all customer classes; Due to presentation of customer classes not aligning with rate schedules. In addition, calculation should be based off of present and proposed rates in the notice.

**Atmos Energy Response:** Atmos Energy's notice provided the required information by customer class categories Residential, Commercial, and Industrial, as per past practice. It is Atmos Energy's understanding that the Staff is requesting that the information be provided for each type of rate service in Atmos Energy's rate schedules rather than by general customer class. The corrected notice reflecting the information in this format is attached and has been posted on Atmos Energy's website.

- (3) 807 KAR 5:001, Section 17(4)(b): The present and proposed rates for each customer class to which the proposed rates will apply; Base charge for residential customers is not a per mcf charge. In addition, a note should be added to the present rates column indicating that the charges include the applicable Pipeline Replacement Program charges.

**Atmos Energy Response:** The "mcf" indication for residential rates was a typographical error that has been corrected in the attached corrected notice . The reference to the inclusion of the Pipeline Replacement Program charges has also been reflected in the attached. As noted above, the corrected notice has been posted on Atmos Energy's website.

- (4) 807 KAR 5:001, Section 17(4)(c): Amount of change requested in dollar amounts and percentage change for each customer classification to which change will apply; Due to presentation of customer classes not aligning with rate schedules.

**Atmos Energy Response:** See Response to (2) above. The corrected notice is attached and has been posted on Atmos Energy's website.

- (5) 807 KAR 5:001, Section 17(4)(d): Local exchange companies - include effect upon average bill for each customer class for change in basic local service; \* (the correct reference should be: (d) Electric, gas, water and

sewer utilities - the amount of the average usage and the effect upon average bill for each customer class to which change will apply.) Due to presentation of customer classes not aligning with rate schedules. In addition, calculation should be based off present and proposed rates listed in the notice.

**Atmos Energy Response:** See Response to (2) above. The corrected notice is attached and has been posted on Atmos Energy's website.

### **Motion for Deviation**

Based on the foregoing and additional information provided herein, Atmos Energy would show that good cause exists for a deviation from the notice regulations and moves for an order granting a deviation such that re-publishing the revised notice is not required.

The format used by Atmos Energy in the listing of customer classes is the same used in the prior rate case, Case No. 2018-00281, and includes customer class categories of residential, commercial, and industrial. That customer classification listing was accepted in Case No. 2018-00281 as in compliance with the regulation. Atmos Energy had no notice in this case that the prior notice was unacceptable or that the regulation should be interpreted to require typical bill comparisons and present and proposed rates for each subcategory of rate service in Atmos Energy's tariff. Relying on the determination of the prior case, Atmos Energy used the format consistent with the previously approved notice. The fact that the published notice in this case comports with the previously approved notice in prior cases demonstrates that it provides sufficient notice to customers of the proposed rate change as to substantially comply with Section 17 of 807 KAR 5:001. Also, upon becoming aware of the Staff's request for changes to the prior format, Atmos Energy worked with the Staff to implement those

changes and posted the revised notice on the Company’s website pursuant to Section 17(1)(b) of 807 KAR 5:001 on July 7, 2021. Therefore, customers who follow the links in the published notice or separately inquire on the website of Atmos Energy or the Commission have immediate and continued electronic access to the information in the format preferred by the Staff at this time.

In addition, there is no prejudice to customers by granting the requested deviation for the following reasons. First, the difference in the typical bill increases in the published notice and the corrected notice are not sufficiently material as to warrant the cost of republication.

Table 1

Tariff Description	Published Description	VARIANCE TO PUBLISHED NOTICE			
		Average Monthly Bill (Present Rates)	Average Monthly Bill (Proposed Rates)	Increase in Average Monthly Bill (\$)	Increase in Average Monthly Bill (%)
G-1 Firm Services - Residential	Residential	\$0.40	\$0.40	(\$0.00)	-0.08%
G-1 Firm Services - Non-Residential	Com & PA	(12.90)	(13.70)	(0.80)	0.10%
G-2 Interruptible Sales	Ind & Transp	(7,180.38)	(7,120.57)	59.81	8.09%
T-4 Firm Transportation	Ind & Transp	(1,339.03)	(1,769.40)	(430.37)	-4.56%
T-3 Interruptible Transportation	Ind & Transp	(4,749.03)	(5,849.64)	(1,100.61)	-5.59%

As the above schedule demonstrates, the change in published typical bill information for the residential class in the original notice changed only slightly (.08%) for G-1 Firm Services – Residential in the corrected notice. The typical bill information for the commercial class changed only slightly (0.10%) when the notice was corrected to reflect G-1 Firm Services – Non-Residential.

The only material difference is in the industrial class information. The published notice shows the typical bill information for the entire industrial and transportation class as a group, rather than broken down by rate schedules. This additional detail by rate schedule can be published to this limited group of customers by electronic mail to provide adequate notice of the proposed rate increase by rate schedule.

Because the variance of the residential and commercial/public authority published and corrected rates are  $-.08\%$  to  $.10\%$ , Atmos Energy has substantially complied with the notice requirements for these customer classes and requests a waiver of re-publication of these rates. The published notice gives either actual notice or notice of a rate that is nominally incorrect. Any customer reviewing the published notice should be adequately informed of the magnitude of the change in the average monthly bill. In other situations, the Commission has found that defects in publication of notices can be cured by the granting of deviations. For example, In the Examination of the Fuel Clause Adjustment of Kentucky Utilities, Case No. 2012-00320, dated December 14, 2012, the Commission found that "...KU has substantially complied with the notice requirements of 807 KAR 5:011, Section 8(5), that this substantial compliance has satisfied the requirements of the regulation, and, pursuant to 807 KAR 5:011, Section 14, that it should be granted deviation from the notice requirements contained therein."

In order to provide the more detailed information regarding the typical bill comparison by rate schedule for industrial and transportation customers, Atmos Energy proposes to send the corrected notice to those customers electronically. This electronically mailed notice comports with the 807 KAR 5:001(17). Once the notices

have been e-mailed, an affidavit verifying the mailing will be submitted. This method of notice was approved by the Commission in Atmos Energy's Case No. 2015-00343.

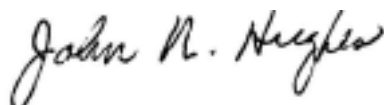
The alternative to this deviation from re-publication is a total cost of approximately \$200,000.00 for the original and revised newspaper notices, which is an unnecessary and unreasonable expense given the minor discrepancies in the notice. This request for a deviation is consistent with similar requests approved by the Commission. See, e.g., Case No. 2021-00185, Delta Natural Gas Co.

For these reasons, pursuant to 807 KAR 5:001, Section 22 Atmos Energy hereby moves the Commission for a deviation from 807 KAR 5:001, Sections 16(8)(n), 17(4)(c), and 17(4)(d), finding that the notice previously published is sufficient with respect to residential and commercial/public authority customers, and permitting the publication of the revised notice to industrial and transportation customers by the methods described in this Motion.

Dated: July 7, 2021

Submitted by:

Mark R. Hutchinson  
Wilson, Hutchinson & Littlepage  
611 Frederica St.  
Owensboro, KY 42303  
270 926 5011 Ph.  
(270) 926-9394 fax  
randy@whplawfirm.com



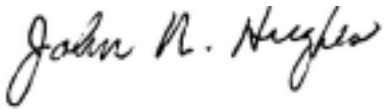
John N. Hughes  
124 West Todd Street  
Frankfort, KY 40601  
502 227 7270  
No Fax

jnhughes@johnnhughespsc.com

Attorneys for Atmos Energy Corporation

**CERTIFICATE**

In accordance with the requirements of 807 KAR 5:001(8), I certify that this electronic filing is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on July 7, 2021; that an original of the filing will be delivered to the Commission as provided by the Commission's COVID-19 orders; and that no party has been excused from participation by electronic means.

A handwritten signature in cursive script that reads "John N. Hughes".



**Case No. 2021-00214**  
**Atmos Energy Corporation, Kentucky Division**  
**MFR FR 16(7)(o)**  
**Page 1 of 1**

**REQUEST:**

Section 16. Applications for General Adjustments of Existing Rates.

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

**SUPPLEMENTAL RESPONSE:**

Please see supplemental attachment FR\_16(7)(o)\_Att1 for the monthly reports for the period October 2019 through May 2020. Narrative explanations are prepared on a quarterly basis.

**ATTACHMENT:**

ATTACHMENT 1 - FR\_16(7)(o)\_Att1\_Suppl - Budget Variance Reports Oct'19-May'21.pdf, 46 Pages.

Respondents: Joe Christian and Michelle Faulk



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended October 31, 2019

Financial Results in <i>SMM's</i>	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 2.1	\$ 1.9	\$ 0.2	10.5%	●	\$ 2.1	\$ 1.9	\$ 0.2	10.5%	●
Contribution Margin	13.3	12.8	0.5	3.9%	●	13.3	12.8	0.5	3.9%	●
O&M - Direct BU	3.2	3.0	(0.2)	(6.7%)	●	3.2	3.0	(0.2)	(6.7%)	●
Cap Rate	58.5%	55.0%	3.5%		●	58.5%	55.0%	3.5%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 10.0	\$ 9.0	\$ 1.0	11.1%	●	\$ 9.9	\$ 9.0	\$ 0.9	10.0%	●
Project Closings	\$ 8.0	\$ 5.7	\$ 2.3	40.4%	●	\$ 8.0	\$ 5.7	\$ 2.3	40.4%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	350	350	-	0.0%	●	346	4	1.2%
Employee Headcount <sup>(2)</sup>	375	383	(8)	-2.1%	●	366	9	2.5%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 123.3	\$ 102.7	\$ 20.6	20.1%	●	\$ 112.6	\$ 10.7	9.5%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 115.1	\$ 93.9	\$ 21.2	22.6%	●	\$ 106.5	\$ 8.6	8.1%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information <i>in SMM's (as of period indicated)</i>	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended October 31, 2019

<i>in Sthousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 10,154	\$ 10,041	\$ 113	\$ 9,710	\$ 10,154	\$ 10,041	\$ 113	\$ 9,710
Transportation	2,816	2,394	422	2,884	2,816	2,394	422	2,884
Other revenue	379	390	(11)	317	379	390	(11)	317
<b>Total Contribution Margin</b>	13,349	12,825	524	12,911	13,349	12,825	524	12,911
<b>Operating expenses:</b>								
Direct BU O&M	3,185	3,048	(137)	2,626	3,185	3,048	(137)	2,626
Direct SSU Charges	314	272	(42)	325	314	272	(42)	325
SSU Allocations	1,594	1,411	(183)	1,503	1,594	1,411	(183)	1,503
Provision for bad debts	92	92	0	56	92	92	0	56
<b>Total O&amp;M expense</b>	5,185	4,823	(362)	4,510	5,185	4,823	(362)	4,510
Depreciation & amortization	3,114	3,124	10	3,099	3,114	3,124	10	3,099
Taxes, other than income	1,414	1,395	(19)	1,287	1,414	1,395	(19)	1,287
<b>Total operating expenses</b>	9,713	9,342	(371)	8,896	9,713	9,342	(371)	8,896
<b>Operating income</b>	3,636	3,483	153	4,015	3,636	3,483	153	4,015
<b>Other income (expense):</b>								
Interest, net	1,427	1,518	91	1,305	1,427	1,518	91	1,305
Miscellaneous income (expense), net	(390)	(405)	(15)	(145)	(390)	(405)	(15)	(145)
<b>Total other income (expense)</b>	1,037	1,113	76	1,160	1,037	1,113	76	1,160
<b>Income (loss) before income taxes</b>	2,599	2,370	229	2,855	2,599	2,370	229	2,855
Provision/(Benefit) for income taxes	508	485	23	540	508	485	23	540
<b>Net income (loss)</b>	<b>\$ 2,091</b>	<b>\$ 1,885</b>	<b>\$ 206</b>	<b>\$ 2,315</b>	<b>\$ 2,091</b>	<b>\$ 1,885</b>	<b>\$ 206</b>	<b>\$ 2,315</b>

<b>Volumes (Mmcf) :</b>								
Residential	2,117	2,203	(86)	2,710	2,117	2,203	(86)	2,710
Commercial	2,743	2,741	2	3,003	2,743	2,741	2	3,003
Industrial	315	154	161	234	315	154	161	234
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	4,843	1,760	3,083	3,162	4,843	1,760	3,083	3,162
<b>Total Gas Distribution volumes</b>	10,018	6,858	3,160	9,109	10,018	6,858	3,160	9,109
<b>Transportation volumes</b>	4,525	3,554	971	4,221	4,525	3,554	971	4,221
<b>Total Throughput</b>	<b>14,543</b>	<b>10,412</b>	<b>4,131</b>	<b>13,330</b>	<b>14,543</b>	<b>10,412</b>	<b>4,131</b>	<b>13,330</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended November 30, 2019

Financial Results in <i>SMM's</i>	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 5.2	\$ 4.4	\$ 0.8	18.2%	●	\$ 7.3	\$ 6.3	\$ 1.0	15.9%	●
Contribution Margin	17.1	16.8	0.3	1.8%	●	30.4	29.6	0.8	2.7%	●
O&M - Direct BU	3.3	3.4	0.1	2.9%	●	6.5	6.4	(0.1)	(1.6%)	●
Cap Rate	53.4%	53.8%	(0.4%)		●	56.0%	54.4%	1.6%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 11.3	\$ 10.8	\$ 0.5	4.6%	●	\$ 21.2	\$ 19.8	\$ 1.4	7.1%	●
Project Closings	\$ 6.9	\$ 4.9	\$ 2.0	40.8%	●	\$ 14.9	\$ 10.6	\$ 4.3	40.6%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	351	351	-	0.0%	●	347	4	1.2%
Employee Headcount <sup>(2)</sup>	374	383	(9)	-2.3%	●	366	8	2.2%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 123.1	\$ 103.9	\$ 19.2	18.5%	●	\$ 113.5	\$ 9.6	8.5%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 115.5	\$ 95.2	\$ 20.3	21.3%	●	\$ 107.6	\$ 8.0	7.4%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information <i>in SMM's (as of period indicated)</i>	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

### KY/Mid-States

For the Period Ended November 30, 2019

<i>in Thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 13,326	\$ 13,411	\$ (85)	\$ 13,305	\$ 23,479	\$ 23,452	\$ 27	\$ 23,015
Transportation	3,351	2,856	495	3,192	6,167	5,250	917	6,076
Other revenue	399	493	(94)	228	779	882	(103)	545
<b>Total Contribution Margin</b>	17,076	16,760	316	16,725	30,425	29,584	841	29,636
<b>Operating expenses:</b>								
Direct BU O&M	3,288	3,351	63	3,236	6,474	6,399	(75)	5,862
Direct SSU Charges	337	281	(56)	345	651	553	(98)	670
SSU Allocations	1,130	1,358	228	957	2,724	2,769	45	2,460
Provision for bad debts	120	121	1	76	212	212	0	132
<b>Total O&amp;M expense</b>	4,875	5,111	236	4,614	10,061	9,933	(128)	9,124
Depreciation & amortization	3,121	3,128	7	3,103	6,235	6,252	17	6,202
Taxes, other than income	1,732	1,562	(170)	1,537	3,147	2,958	(189)	2,825
<b>Total operating expenses</b>	9,728	9,801	73	9,254	19,443	19,143	(300)	18,151
<b>Operating income</b>	7,348	6,959	389	7,471	10,982	10,441	541	11,485
<b>Other income (expense):</b>								
Interest, net	1,445	1,523	78	1,265	2,871	3,041	170	2,570
Miscellaneous income (expense), net	(458)	(66)	392	(318)	(847)	(471)	376	(463)
<b>Total other income (expense)</b>	987	1,457	470	947	2,024	2,570	546	2,107
<b>Income (loss) before income taxes</b>	6,361	5,502	859	6,524	8,958	7,871	1,087	9,378
Provision/(Benefit) for income taxes	1,194	1,129	65	1,439	1,700	1,613	87	1,979
<b>Net income (loss)</b>	<b>\$ 5,167</b>	<b>\$ 4,373</b>	<b>\$ 794</b>	<b>\$ 5,085</b>	<b>\$ 7,258</b>	<b>\$ 6,258</b>	<b>\$ 1,000</b>	<b>\$ 7,399</b>

<b>Volumes (Mmcf) :</b>								
Residential	8,954	4,966	3,988	7,517	11,071	7,169	3,902	10,227
Commercial	5,420	3,687	1,733	4,828	8,163	6,428	1,735	7,831
Industrial	383	199	184	328	698	352	346	562
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(53)	3,539	(3,592)	2,838	4,789	5,300	(511)	6,000
<b>Total Gas Distribution volumes</b>	14,704	12,391	2,313	15,511	24,721	19,249	5,472	24,620
<b>Transportation volumes</b>	4,923	4,077	846	4,855	9,448	7,631	1,817	9,075
<b>Total Throughput</b>	<b>19,627</b>	<b>16,468</b>	<b>3,159</b>	<b>20,366</b>	<b>34,169</b>	<b>26,880</b>	<b>7,289</b>	<b>33,695</b>



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

For the Year Ended December 31, 2019

Financial Results in SMM's	QTD				YTD			
	Actual	Budget	Fav/ Unfav	%	Actual	Budget	Fav/ Unfav	%
Net Income	15.5	14.9	0.6	4.0%	15.5	14.9	0.6	4.0%
Contribution Margin	51.6	51.1	0.5	1.0%	51.6	51.1	0.5	1.0%
O&M - Direct BU	9.4	9.4	0.0	0.0%	9.4	9.4	0.0	0.0%
Cap Rate	57%	54.6%	1.9%		56.5%	54.6%	1.9%	
<b>Capital Spending Activities</b>								
Capital Spending	31.5	29.9	1.6	5.4%	31.5	29.9	1.6	5.4%
Project Closings	24.9	26.6	(1.7)	(6.4%)	24.9	26.6	(1.7)	(6.4%)

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	FY17	Inc/Dec	%
	Customer Base Charge <sup>(1)</sup>	351	351	-	0.0%	347	4.0
Employee Headcount <sup>(2)</sup>	374	383	(9)	-2.3%	Sep-17 364	10	2.7%
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 111.9	\$ 104.2	\$ 7.8	7.4%	\$ 99.5	\$ 12.4	12.5%
Direct O&M <sup>(3)</sup> per Headcount	\$ 105.0	\$ 95.5	\$ 9.6	10.0%	\$ 94.9	\$ 10.2	10.7%

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

(2) Employee headcount is as of period end.

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

Rate Base Information in SMM's (as of period indicated)	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
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**Atmos Energy Corporation**  
Distribution Operations  
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KY/Mid-States

For the Year Ended December 31, 2019

**Quarter-to-Date:**

**Margins:** Primary driver is favorable unbilled balance for transportation customers of \$871k. However, this positive variance should unwind itself by April or May.

**O&M:** O&M for the quarter had a minimal overall variance of (\$9k) favorable. Benefits were (\$268k) favorable. Outside services were \$330k unfavorable due to the following: timing of legal expenses, \$40k in unbudgeted settlements, and timing of BU direct for painting, ROW clearing, and station maintenance \$247k. Employee welfare was (\$111k) favorable due to timing as well.

We experienced substantial movement within the Rent, Maint & Utilities, Vehicles & Equipment and Telecom categories. This movement is due to changes in lease standards accounting for Locustview, WMR tower lease and copier lease expenses. Net impact of these changes were (\$24k) favorable.

**Capital:**

**KY:**

KY Bare Steel replacement (PRP) is over budget \$631k YTD. Specifically, we had \$778k in unbudgeted carryover on 19 different projects post in the first quarter. To compensate, we will remove 5 budgeted FY20 projects in their entirety to meet our PRP total budget of \$28.0 million.

KY Non-PRP spend is overbudget due to \$908k in unbudgeted carryover in the first quarter primarily related to the Nashville Rd relocation project in Bowling Green and Paducah Mall HCA-06 project in Paducah.

**TN:**

TN underspend is related to timing (\$1,031k) on Tom J. Hitch Hwy 412 system improvement project in Columbia. Tom J. Hitch project is behind spend due to land acquisition issues. Despite efforts to work with the landowners, the second tract (the Seago property) went to condemnation in December and we are expected to have access February 7th. Materials arrived on site (1/9) and the contractor has mobilized and anticipates to begin the project January 13th. The anticipated completion date for the first phase of this project is June 2020 as forecasted. The bids came in less than the CB, but there are 3 remaining tracts to acquire on the second phase of the project to prepare for phase 2 of construction.

The TN division also had the asset sale of land off Bear Creek Pike in Columbia for \$717k that was not planned.

**Year-to-Date:**

**Margins:**

**O&M:**

**Capital:**



## Atmos Energy Corporation

### Distribution Operations

### Financial Results and Statistical Highlights

### KY/Mid-States

For the Year Ended December 31, 2019

<i>in Thousands</i>	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 40,881	\$ 41,098	\$ (217)	\$ 40,688	\$ 40,881	\$ 41,098	\$ (217)	\$ 40,688
Transportation	9,388	8,488	900	9,340	9,388	8,488	900	9,340
Other revenue	1,303	1,528	(225)	684	1,303	1,528	(225)	684
<b>Total Contribution Margin</b>	51,572	51,114	458	50,712	51,572	51,114	458	50,712
<b>Operating expenses:</b>								
Direct BU O&M	9,416	9,424	8	8,287	9,416	9,424	8	8,287
Direct SSU Charges	996	884	(112)	1,013	996	884	(112)	1,013
SSU Allocations	4,070	4,173	103	3,773	4,070	4,173	103	3,773
Provision for bad debts	368	370	2	235	368	370	2	235
<b>Total O&amp;M expense</b>	14,850	14,851	1	13,308	14,850	14,851	1	13,308
Depreciation & amortization	9,364	9,395	31	9,321	9,364	9,395	31	9,321
Taxes, other than income	4,517	4,447	(70)	4,114	4,517	4,447	(70)	4,114
<b>Total operating expenses</b>	28,731	28,693	(38)	26,743	28,731	28,693	(38)	26,743
<b>Operating income</b>	22,841	22,421	420	23,969	22,841	22,421	420	23,969
<b>Other income (expense):</b>								
Interest, net	4,346	4,572	226	3,806	4,346	4,572	226	3,806
Miscellaneous income (expense), net	(1,364)	(884)	480	(961)	(1,364)	(884)	480	(961)
<b>Total other income (expense)</b>	2,982	3,688	706	2,845	2,982	3,688	706	2,845
<b>Income (loss) before income taxes</b>	19,859	18,733	1,126	21,124	19,859	18,733	1,126	21,124
Provision/(Benefit) for income taxes	4,342	3,806	(536)	4,165	4,342	3,806	(536)	4,165
<b>Net income (loss)</b>	<b>\$ 15,517</b>	<b>\$ 14,927</b>	<b>\$ 590</b>	<b>\$ 16,959</b>	<b>\$ 15,517</b>	<b>\$ 14,927</b>	<b>\$ 590</b>	<b>\$ 16,959</b>

<b>Volumes (Mmcf):</b>								
Residential	23,259	19,508	3,751	24,143	23,259	19,508	3,751	24,143
Commercial	14,604	12,783	1,821	14,877	14,604	12,783	1,821	14,877
Industrial	1,124	605	519	936	1,124	605	519	936
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	-	-	0	-	-	-	0	-
Unbilled	11,308	11,983	(675)	10,559	11,308	11,983	(675)	10,559
<b>Total Gas Distribution volumes</b>	50,295	44,879	5,416	50,515	50,295	44,879	5,416	50,515
<b>Transportation volumes</b>	14,840	11,953	2,887	14,351	14,840	11,953	2,887	14,351
<b>Total Throughput</b>	<b>65,135</b>	<b>56,832</b>	<b>8,303</b>	<b>64,866</b>	<b>65,135</b>	<b>56,832</b>	<b>8,303</b>	<b>64,866</b>





# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended January 31, 2020

Financial Results in <i>SMM's</i>	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 10.0	\$ 9.4	\$ 0.6	6.4%	●	\$ 25.5	\$ 24.3	\$ 1.2	4.9%	●
Contribution Margin	23.8	22.7	1.1	4.8%	●	75.4	73.8	1.6	2.2%	●
O&M - Direct BU	3.4	3.0	(0.4)	(13.3%)	●	12.9	12.5	(0.4)	(3.2%)	●
Cap Rate	58.1%	57.1%	1.0%		●	57.0%	55.3%	1.7%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 8.1	\$ 10.0	\$ (1.9)	(19.0%)	●	\$ 39.7	\$ 40.0	\$ (0.3)	(0.7%)	●
Project Closings	\$ 8.7	\$ 6.4	\$ 2.3	35.9%	●	\$ 33.6	\$ 33.0	\$ 0.6	1.8%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	351	351	-	0.0%	●	347	4	1.2%
Employee Headcount <sup>(2)</sup>	378	383	(5)	-1.3%	●	367	11	3.0%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 125.5	\$ 104.5	\$ 21.1	20.2%	●	\$ 113.0	\$ 12.5	11.1%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 116.6	\$ 95.8	\$ 20.8	21.7%	●	\$ 106.8	\$ 9.7	9.1%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information <i>in SMM's (as of period indicated)</i>	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended January 31, 2020

<i>in Thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 19,593	\$ 18,668	\$ 925	\$ 18,915	\$ 60,473	\$ 59,766	\$ 707	\$ 59,603
Transportation	3,524	3,207	317	3,794	12,912	11,696	1,216	13,134
Other revenue	726	817	(91)	228	2,030	2,344	(314)	912
<b>Total Contribution Margin</b>	<b>23,843</b>	<b>22,692</b>	<b>1,151</b>	<b>22,937</b>	<b>75,415</b>	<b>73,806</b>	<b>1,609</b>	<b>73,649</b>
<b>Operating expenses:</b>								
Direct BU O&M	3,438	3,048	(390)	3,095	12,853	12,472	(381)	11,382
Direct SSU Charges	444	411	(33)	454	1,441	1,295	(146)	1,467
SSU Allocations	1,359	1,440	81	1,437	5,428	5,613	185	5,210
Provision for bad debts	174	167	(7)	106	542	538	(4)	341
<b>Total O&amp;M expense</b>	<b>5,415</b>	<b>5,066</b>	<b>(349)</b>	<b>5,092</b>	<b>20,264</b>	<b>19,918</b>	<b>(346)</b>	<b>18,400</b>
Depreciation & amortization	3,135	3,149	14	3,133	12,499	12,545	46	12,454
Taxes, other than income	1,666	1,634	(32)	1,563	6,183	6,081	(102)	5,677
<b>Total operating expenses</b>	<b>10,216</b>	<b>9,849</b>	<b>(367)</b>	<b>9,788</b>	<b>38,946</b>	<b>38,544</b>	<b>(402)</b>	<b>36,531</b>
<b>Operating income</b>	<b>13,627</b>	<b>12,843</b>	<b>784</b>	<b>13,149</b>	<b>36,469</b>	<b>35,262</b>	<b>1,207</b>	<b>37,118</b>
<b>Other income (expense):</b>								
Interest, net	1,405	1,515	110	1,285	5,750	6,088	338	5,092
Miscellaneous income (expense), net	(424)	(456)	(32)	(547)	(1,787)	(1,341)	446	(1,509)
<b>Total other income (expense)</b>	<b>981</b>	<b>1,059</b>	<b>78</b>	<b>738</b>	<b>3,963</b>	<b>4,747</b>	<b>784</b>	<b>3,583</b>
<b>Income (loss) before income taxes</b>	<b>12,646</b>	<b>11,784</b>	<b>862</b>	<b>12,411</b>	<b>32,506</b>	<b>30,515</b>	<b>1,991</b>	<b>33,535</b>
Provision/(Benefit) for income taxes	2,639	2,424	215	2,600	6,982	6,228	754	6,765
<b>Net income (loss)</b>	<b>\$ 10,007</b>	<b>\$ 9,360</b>	<b>\$ 647</b>	<b>\$ 9,811</b>	<b>\$ 25,524</b>	<b>\$ 24,287</b>	<b>\$ 1,237</b>	<b>\$ 26,770</b>

<b>Volumes (Mmcf) :</b>								
Residential	15,188	19,334	(4,146)	17,691	38,446	38,842	(396)	41,835
Commercial	7,925	9,542	(1,617)	8,885	22,529	22,325	204	23,762
Industrial	440	362	78	451	1,564	967	597	1,388
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	154	(1,145)	1,299	2,029	11,462	10,838	624	12,588
<b>Total Gas Distribution volumes</b>	<b>23,707</b>	<b>28,093</b>	<b>(4,386)</b>	<b>29,056</b>	<b>74,001</b>	<b>72,972</b>	<b>1,029</b>	<b>79,573</b>
<b>Transportation volumes</b>	<b>5,174</b>	<b>5,025</b>	<b>149</b>	<b>5,954</b>	<b>20,014</b>	<b>16,977</b>	<b>3,037</b>	<b>20,305</b>
<b>Total Throughput</b>	<b>28,881</b>	<b>33,118</b>	<b>(4,237)</b>	<b>35,010</b>	<b>94,015</b>	<b>89,949</b>	<b>4,066</b>	<b>99,878</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended February 29, 2020

Financial Results in <i>SMM's</i>	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 9.1	\$ 8.6	\$ 0.5	5.8%	●	\$ 34.6	\$ 32.9	\$ 1.7	5.2%	●
Contribution Margin	21.1	21.3	(0.2)	(0.9%)	●	96.5	95.1	1.4	1.5%	●
O&M - Direct BU	2.3	2.9	0.6	20.7%	●	15.1	15.3	0.2	1.3%	●
Cap Rate	58.3%	57.1%	1.2%		●	57.2%	55.6%	1.6%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 9.0	\$ 9.2	\$ (0.2)	(2.2%)	●	\$ 48.6	\$ 49.1	\$ (0.5)	(1.0%)	●
Project Closings	\$ 4.7	\$ 6.2	\$ (1.5)	(24.2%)	●	\$ 38.2	\$ 39.1	\$ (0.9)	(2.3%)	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	352	352	-	0.0%	●	348	4	1.1%
Employee Headcount <sup>(2)</sup>	380	383	(3)	-0.8%	●	375	5	1.3%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 124.2	\$ 104.8	\$ 19.4	18.5%	●	\$ 113.7	\$ 10.5	9.3%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 115.0	\$ 96.3	\$ 18.7	19.4%	●	\$ 105.5	\$ 9.6	9.1%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information <i>in SMM's (as of period indicated)</i>	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended February 29, 2020

<i>in Sthousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 16,979	\$ 16,899	\$ 80	\$ 17,467	\$ 77,452	\$ 76,665	\$ 787	\$ 77,070
Transportation	3,393	3,605	(212)	3,059	16,305	15,300	1,005	16,194
Other revenue	678	801	(123)	223	2,708	3,146	(438)	1,134
<b>Total Contribution Margin</b>	<b>21,050</b>	<b>21,305</b>	<b>(255)</b>	<b>20,749</b>	<b>96,465</b>	<b>95,111</b>	<b>1,354</b>	<b>94,398</b>
<b>Operating expenses:</b>								
Direct BU O&M	2,254	2,860	606	2,666	15,107	15,332	225	14,048
Direct SSU Charges	380	307	(73)	321	1,821	1,602	(219)	1,788
SSU Allocations	1,236	1,329	93	1,244	6,664	6,942	278	6,454
Provision for bad debts	151	151	0	100	693	688	(5)	441
<b>Total O&amp;M expense</b>	<b>4,021</b>	<b>4,647</b>	<b>626</b>	<b>4,331</b>	<b>24,285</b>	<b>24,564</b>	<b>279</b>	<b>22,731</b>
Depreciation & amortization	3,137	3,156	19	3,137	15,635	15,701	66	15,591
Taxes, other than income	1,563	1,565	2	1,554	7,746	7,646	(100)	7,231
<b>Total operating expenses</b>	<b>8,721</b>	<b>9,368</b>	<b>647</b>	<b>9,022</b>	<b>47,666</b>	<b>47,911</b>	<b>245</b>	<b>45,553</b>
<b>Operating income</b>	<b>12,329</b>	<b>11,937</b>	<b>392</b>	<b>11,727</b>	<b>48,799</b>	<b>47,200</b>	<b>1,599</b>	<b>48,845</b>
<b>Other income (expense):</b>								
Interest, net	1,408	1,517	109	1,104	7,158	7,604	446	6,196
Miscellaneous income (expense), net	(561)	(395)	166	(366)	(2,348)	(1,735)	613	(1,875)
<b>Total other income (expense)</b>	<b>847</b>	<b>1,122</b>	<b>275</b>	<b>738</b>	<b>4,810</b>	<b>5,869</b>	<b>1,059</b>	<b>4,321</b>
<b>Income (loss) before income taxes</b>	<b>11,482</b>	<b>10,815</b>	<b>667</b>	<b>10,989</b>	<b>43,989</b>	<b>41,331</b>	<b>2,658</b>	<b>44,524</b>
Provision/(Benefit) for income taxes	2,393	2,220	173	2,302	9,376	8,449	927	9,067
<b>Net income (loss)</b>	<b>\$ 9,089</b>	<b>\$ 8,595</b>	<b>\$ 494</b>	<b>\$ 8,687</b>	<b>\$ 34,613</b>	<b>\$ 32,882</b>	<b>\$ 1,731</b>	<b>\$ 35,457</b>

<b>Volumes (Mmcf) :</b>								
Residential	15,542	17,293	(1,751)	16,570	53,988	56,135	(2,147)	58,404
Commercial	8,074	8,623	(549)	8,532	30,603	30,948	(345)	32,293
Industrial	457	411	46	365	2,020	1,379	641	1,753
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(2,314)	(3,537)	1,223	89	9,148	7,301	1,847	12,677
<b>Total Gas Distribution volumes</b>	<b>21,759</b>	<b>22,790</b>	<b>(1,031)</b>	<b>25,556</b>	<b>95,759</b>	<b>95,763</b>	<b>(4)</b>	<b>105,127</b>
<b>Transportation volumes</b>	<b>5,290</b>	<b>5,652</b>	<b>(362)</b>	<b>5,025</b>	<b>25,304</b>	<b>22,629</b>	<b>2,675</b>	<b>25,330</b>
<b>Total Throughput</b>	<b>27,049</b>	<b>28,442</b>	<b>(1,393)</b>	<b>30,581</b>	<b>121,063</b>	<b>118,392</b>	<b>2,671</b>	<b>130,457</b>



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

For the Year Ended March 31, 2020

Financial Results in SMM's	QTD				YTD			
	Actual	Budget	Fav/ Unfav	%	Actual	Budget	Fav/ Unfav	%
Net Income	15.5	14.9	0.6	4.0%	15.5	14.9	0.6	4.0%
Contribution Margin	51.6	51.1	0.5	1.0%	51.6	51.1	0.5	1.0%
O&M - Direct BU	9.4	9.4	0.0	0.0%	9.4	9.4	0.0	0.0%
Cap Rate	57%	54.6%	1.9%		56.5%	54.6%	1.9%	
<b>Capital Spending Activities</b>								
Capital Spending	31.5	29.9	1.6	5.4%	31.5	29.9	1.6	5.4%
Project Closings	24.9	26.6	(1.7)	(6.4%)	24.9	26.6	(1.7)	(6.4%)

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	FY17	Inc/Dec	%
	Customer Base Charge <sup>(1)</sup>	351	351	-	0.0%	347	4.0
Employee Headcount <sup>(2)</sup>	374	383	(9)	-2.3%	Sep-17 364	10	2.7%
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 111.9	\$ 104.2	\$ 7.8	7.4%	\$ 99.5	\$ 12.4	12.5%
Direct O&M <sup>(3)</sup> per Headcount	\$ 105.0	\$ 95.5	\$ 9.6	10.0%	\$ 94.9	\$ 10.2	10.7%

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

(2) Employee headcount is as of period end.

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

Rate Base Information in SMM's (as of period indicated)	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



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

For the Year Ended March 31, 2020

**Quarter-to-Date:**

**Margins:** Variance is net (\$26k) under budget and considered immaterial.

**O&M:** O&M for the quarter was (\$203k) favorable. Labor was unfavorable \$16k due to overtime, standby and PTO accrual. Benefits were favorable (\$74k) due mainly to variance. Employee travel was favorable (\$112k) generally due to timing and to a lesser degree COVID-19 impact in the month of March.

We experienced substantial movement within the Rent, Maint & Utilities, Vehicles & Equipment and Telecom categories. This movement is due to changes in lease standards accounting for Locusview, WMR tower lease and copier lease expenses. Net impact of these changes were \$1k unfavorable.

**Capital:**

**KY:**

KY Bare Steel replacement (PRP) (-\$893k): Specifically, we had \$913k in unbudgeted carryover on 14 different projects due to asphalt/paving, replacement of associated bare steel services, post install camera work, etc... To compensate, we will remove budgeted FY20 projects in their entirety to meet our PRP total budget of \$28.0 million.

KY Non-PRP spend (+\$751k): We are over budget YTD on non-PRP spend due to service replacements associated with main projects in Madisonville, Bowling Green, Danville, Paducah, and Hopkinsville. In response, we started to mitigate the over spend in the 2nd quarter by offsetting spend in other non-PRP areas such as farm tap replacements (+\$531k), etc...

**TN:**

Tom J. Hitch (+\$757k): Construction of the Tom J. Hitch project began in January after delays due to land acquisition issues. The anticipated completion date for the first phase of this project is June 2020 as forecasted. There are 3 remaining tracts to acquire on the second phase of the project to prepare for phase 2 of construction, should funds become available.

Bobo Hollow Connector (+\$3,507k): The timeline of the Bobo Hollow Connector project was impacted by delays in signing contract and approval by TPUC. Easement acquisition has also caused delays. Initial offers easement acquisition began in late January. We have acquired 5 of the 17 easements and are beginning condemnation on several parcels. Condemnations could be impacted by the courts being closed. Materials will be ordered in April and construction should begin in June.

**Year-to-Date:**

**Margins:** Variance is primarily driven by positive transportation of \$1,159k of which \$747k is unbilled that we anticipate unwinding in April/May. This is offset by a combined YTD variance in of (\$933k) in forfeited discounts and other revenue with primary driver being the impact of COVID-19 in the month of March.

**O&M:** O&M YTD was (\$211k) favorable. Labor was unfavorable \$16k due to overtime and PTO accrual. Benefits were favorable (\$342k) due to variance. Employee travel was favorable (\$224k) generally due to timing and to a lesser degree COVID-19 impact in March. Outside services were unfavorable \$331 due to preliminary external engineering costs coded to O&M projects. The external engineering costs will be reversed and capitalized as those projects are setup in the next 3 to 4 months.

We experienced substantial movement within the Rent, Maint & Utilities, Vehicles & Equipment and Telecom categories. This movement is due to changes in lease standards accounting for Locusview, WMR tower lease and copier lease expenses. Net impact of these changes were (\$22k) favorable.

**Capital:**

**KY:**

KY Bare Steel replacement (PRP) (-\$1,525k): Specifically, we had \$1,592k in unbudgeted carryover on 24 different projects due to asphalt/paving, replacement of associated bare steel services, post install camera work, etc... To compensate, we will remove budgeted FY20 projects in their entirety to meet our PRP total budget of \$28.0 million.

KY Non-PRP spend (-\$1,367k): Overbudget primarily due to service replacements associated with main projects in Madisonville, Bowling Green, Danville, Paducah, and Hopkinsville (\$1,718k). Offset spend will occur in farm tap and WMR replacement projects when possible.

**TN:**

Tom J. Hitch (+\$1,788k): Construction of the Tom J. Hitch project began in January after delays due to land acquisition issues. The anticipated completion date for the first phase of this project is June 2020 as forecasted. There are 3 remaining tracts to acquire on the second phase of the project to prepare for phase 2 of construction, should funds become available.

Bobo Hollow Connector (+\$2,615k): The timeline of the Bobo Hollow Connector project was impacted by delays in signing contract and approval by TPUC. Easement acquisition has also caused delays. Initial offers easement acquisition began in late January. We have acquired 5 of the 17 easements and are beginning condemnation on several parcels. Condemnations could be impacted by the courts being closed. Materials will be ordered in April and construction should begin in June.



## Atmos Energy Corporation

### Distribution Operations

### Financial Results and Statistical Highlights

### KY/Mid-States

For the Year Ended March 31, 2020

<i>in Thousands</i>	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 40,881	\$ 41,098	\$ (217)	\$ 40,688	\$ 40,881	\$ 41,098	\$ (217)	\$ 40,688
Transportation	9,388	8,488	900	9,340	9,388	8,488	900	9,340
Other revenue	1,303	1,528	(225)	684	1,303	1,528	(225)	684
<b>Total Contribution Margin</b>	<b>51,572</b>	<b>51,114</b>	<b>458</b>	<b>50,712</b>	<b>51,572</b>	<b>51,114</b>	<b>458</b>	<b>50,712</b>
<b>Operating expenses:</b>								
Direct BU O&M	9,416	9,424	8	8,287	9,416	9,424	8	8,287
Direct SSU Charges	996	884	(112)	1,013	996	884	(112)	1,013
SSU Allocations	4,070	4,173	103	3,773	4,070	4,173	103	3,773
Provision for bad debts	368	370	2	235	368	370	2	235
<b>Total O&amp;M expense</b>	<b>14,850</b>	<b>14,851</b>	<b>1</b>	<b>13,308</b>	<b>14,850</b>	<b>14,851</b>	<b>1</b>	<b>13,308</b>
Depreciation & amortization	9,364	9,395	31	9,321	9,364	9,395	31	9,321
Taxes, other than income	4,517	4,447	(70)	4,114	4,517	4,447	(70)	4,114
<b>Total operating expenses</b>	<b>28,731</b>	<b>28,693</b>	<b>(38)</b>	<b>26,743</b>	<b>28,731</b>	<b>28,693</b>	<b>(38)</b>	<b>26,743</b>
<b>Operating income</b>	<b>22,841</b>	<b>22,421</b>	<b>420</b>	<b>23,969</b>	<b>22,841</b>	<b>22,421</b>	<b>420</b>	<b>23,969</b>
<b>Other income (expense):</b>								
Interest, net	4,346	4,572	226	3,806	4,346	4,572	226	3,806
Miscellaneous income (expense), net	(1,364)	(884)	480	(961)	(1,364)	(884)	480	(961)
<b>Total other income (expense)</b>	<b>2,982</b>	<b>3,688</b>	<b>706</b>	<b>2,845</b>	<b>2,982</b>	<b>3,688</b>	<b>706</b>	<b>2,845</b>
<b>Income (loss) before income taxes</b>	<b>19,859</b>	<b>18,733</b>	<b>1,126</b>	<b>21,124</b>	<b>19,859</b>	<b>18,733</b>	<b>1,126</b>	<b>21,124</b>
Provision/(Benefit) for income taxes	4,342	3,806	(536)	4,165	4,342	3,806	(536)	4,165
<b>Net income (loss)</b>	<b>\$ 15,517</b>	<b>\$ 14,927</b>	<b>\$ 590</b>	<b>\$ 16,959</b>	<b>\$ 15,517</b>	<b>\$ 14,927</b>	<b>\$ 590</b>	<b>\$ 16,959</b>

<b>Volumes (Mmcf):</b>								
Residential	23,259	19,508	3,751	24,143	23,259	19,508	3,751	24,143
Commercial	14,604	12,783	1,821	14,877	14,604	12,783	1,821	14,877
Industrial	1,124	605	519	936	1,124	605	519	936
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	-	-	0	-	-	-	0	-
Unbilled	11,308	11,983	(675)	10,559	11,308	11,983	(675)	10,559
<b>Total Gas Distribution volumes</b>	<b>50,295</b>	<b>44,879</b>	<b>5,416</b>	<b>50,515</b>	<b>50,295</b>	<b>44,879</b>	<b>5,416</b>	<b>50,515</b>
<b>Transportation volumes</b>	<b>14,840</b>	<b>11,953</b>	<b>2,887</b>	<b>14,351</b>	<b>14,840</b>	<b>11,953</b>	<b>2,887</b>	<b>14,351</b>
<b>Total Throughput</b>	<b>65,135</b>	<b>56,832</b>	<b>8,303</b>	<b>64,866</b>	<b>65,135</b>	<b>56,832</b>	<b>8,303</b>	<b>64,866</b>



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States**  
For the Period Ended April 30, 2020

Financial Results in <i>SMM's</i>	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 4.9	\$ 4.6	\$ 0.3	6.5%	●	\$ 45.2	\$ 44.0	\$ 1.2	2.7%	●
Contribution Margin	15.7	16.6	(0.9)	(5.4%)	●	130.6	131.1	(0.5)	(0.4%)	●
O&M - Direct BU	2.2	3.1	0.9	29.0%	●	20.4	21.5	1.1	5.1%	●
Cap Rate	58.4%	56.0%	2.4%		●	57.5%	55.7%	1.8%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 9.3	\$ 10.8	\$ (1.5)	(13.9%)	●	\$ 67.8	\$ 70.6	\$ (2.8)	(4.0%)	●
Project Closings	\$ 17.2	\$ 7.7	\$ 9.5	123.4%	●	\$ 65.1	\$ 53.5	\$ 11.6	21.7%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	352	352	-	0.0%	●	348	4	1.1%
Employee Headcount <sup>(2)</sup>	376	383	(7)	-1.8%	●	368	8	2.2%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 122.6	\$ 104.6	\$ 18.0	17.2%	●	\$ 114.9	\$ 7.7	6.7%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 114.8	\$ 96.1	\$ 18.6	19.4%	●	\$ 108.7	\$ 6.1	5.6%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information <i>in SMM's (as of period indicated)</i>	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1





# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended April 30, 2020

<i>in Thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 11,401	\$ 11,195	\$ 206	\$ 10,421	\$ 103,894	\$ 103,422	\$ 472	\$ 103,175
Transportation	4,078	4,838	(760)	4,390	23,510	23,110	400	24,014
Other revenue	215	539	(324)	238	3,233	4,551	(1,318)	1,707
<b>Total Contribution Margin</b>	15,694	16,572	(878)	15,049	130,637	131,083	(446)	128,896
<b>Operating expenses:</b>								
Direct BU O&M	2,236	3,118	882	3,113	20,430	21,523	1,093	20,000
Direct SSU Charges	421	396	(25)	450	2,749	2,347	(402)	2,653
SSU Allocations	1,217	1,388	171	1,246	9,384	9,834	450	9,116
Provision for bad debts	102	100	(2)	61	930	928	(2)	666
<b>Total O&amp;M expense</b>	3,976	5,002	1,026	4,870	33,493	34,632	1,139	32,435
Depreciation & amortization	3,164	3,178	14	3,176	21,851	22,044	193	21,923
Taxes, other than income	1,504	1,470	(34)	1,571	11,407	10,675	(732)	10,341
<b>Total operating expenses</b>	8,644	9,650	1,006	9,617	66,751	67,351	600	64,699
<b>Operating income</b>	7,050	6,922	128	5,432	63,886	63,732	154	64,197
<b>Other income (expense):</b>								
Interest, net	1,499	1,512	13	1,062	10,096	10,642	546	8,455
Miscellaneous income (expense), net	(645)	(368)	277	(421)	(3,346)	(2,278)	1,068	(2,382)
<b>Total other income (expense)</b>	854	1,144	290	641	6,750	8,364	1,614	6,073
<b>Income (loss) before income taxes</b>	6,196	5,778	418	4,791	57,136	55,368	1,768	58,124
Provision/(Benefit) for income taxes	1,285	1,193	92	997	11,948	11,339	609	11,859
<b>Net income (loss)</b>	<b>\$ 4,911</b>	<b>\$ 4,585</b>	<b>\$ 326</b>	<b>\$ 3,794</b>	<b>\$ 45,188</b>	<b>\$ 44,029</b>	<b>\$ 1,159</b>	<b>\$ 46,265</b>

<b>Volumes (Mmcf) :</b>								
Residential	6,193	6,449	(256)	6,297	71,076	74,762	(3,686)	80,100
Commercial	4,623	4,681	(58)	4,827	41,875	42,598	(723)	45,355
Industrial	333	224	109	251	2,711	1,887	824	2,386
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(3,208)	(4,650)	1,442	(4,557)	1,678	1,457	221	606
<b>Total Gas Distribution volumes</b>	7,941	6,704	1,237	6,818	117,340	120,704	(3,364)	128,447
<b>Transportation volumes</b>	3,924	4,403	(479)	4,331	33,785	31,620	2,165	34,754
<b>Total Throughput</b>	<b>11,865</b>	<b>11,107</b>	<b>758</b>	<b>11,149</b>	<b>151,125</b>	<b>152,324</b>	<b>(1,199)</b>	<b>163,201</b>



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States**  
For the Period Ended May 31, 2020

Financial Results in <i>SMM's</i>	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 1.0	\$ 1.5	\$ (0.5)	(33.3%)	●	\$ 46.2	\$ 45.6	\$ 0.6	1.3%	●
Contribution Margin	12.0	12.7	(0.7)	(5.5%)	●	142.6	143.8	(1.2)	(0.8%)	●
O&M - Direct BU	2.8	3.0	0.2	6.7%	●	23.3	24.6	1.3	5.3%	●
Cap Rate	57.8%	55.7%	2.1%		●	57.6%	55.7%	1.9%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 9.6	\$ 8.1	\$ 1.5	18.5%	●	\$ 76.9	\$ 78.7	\$ (1.8)	(2.3%)	●
Project Closings	\$ 4.7	\$ 7.6	\$ (2.9)	(38.2%)	●	\$ 69.8	\$ 61.1	\$ 8.7	14.2%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	352	352	-	0.0%	●	348	4	1.1%
Employee Headcount <sup>(2)</sup>	373	383	(10)	-2.6%	●	370	3	0.8%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 121.7	\$ 103.6	\$ 18.1	17.5%	●	\$ 115.3	\$ 6.4	5.6%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 114.8	\$ 95.2	\$ 19.6	20.6%	●	\$ 108.4	\$ 6.4	5.9%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information <i>in SMM's (as of period indicated)</i>	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended May 31, 2020

<i>in Thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 9,059	\$ 9,424	\$ (365)	\$ 9,080	\$ 112,952	\$ 112,846	\$ 106	\$ 112,255
Transportation	2,442	2,891	(449)	2,716	25,952	26,001	(49)	26,729
Other revenue	487	352	135	190	3,721	4,903	(1,182)	1,898
<b>Total Contribution Margin</b>	11,988	12,667	(679)	11,986	142,625	143,750	(1,125)	140,882
<b>Operating expenses:</b>								
Direct BU O&M	2,826	3,027	201	3,138	23,257	24,550	1,293	23,138
Direct SSU Charges	346	326	(20)	352	3,094	2,673	(421)	3,005
SSU Allocations	1,753	1,687	(66)	1,914	11,138	11,521	383	11,030
Provision for bad debts	81	85	4	52	1,011	1,013	2	718
<b>Total O&amp;M expense</b>	5,006	5,125	119	5,456	38,500	39,757	1,257	37,891
Depreciation & amortization	3,173	2,885	(288)	2,939	25,024	24,930	(94)	24,863
Taxes, other than income	1,493	1,537	44	1,516	12,900	12,212	(688)	11,857
<b>Total operating expenses</b>	9,672	9,547	(125)	9,911	76,424	76,899	475	74,611
<b>Operating income</b>	2,316	3,120	(804)	2,075	66,201	66,851	(650)	66,271
<b>Other income (expense):</b>								
Interest, net	1,504	1,513	9	1,118	11,600	12,154	554	9,573
Miscellaneous income (expense), net	(439)	(326)	113	(604)	(3,785)	(2,602)	1,183	(2,986)
<b>Total other income (expense)</b>	1,065	1,187	122	514	7,815	9,552	1,737	6,587
<b>Income (loss) before income taxes</b>	1,251	1,933	(682)	1,561	58,386	57,299	1,087	59,684
Provision/(Benefit) for income taxes	260	394	(134)	325	12,207	11,731	476	12,184
<b>Net income (loss)</b>	<b>\$ 991</b>	<b>\$ 1,539</b>	<b>\$ (548)</b>	<b>\$ 1,236</b>	<b>\$ 46,179</b>	<b>\$ 45,568</b>	<b>\$ 611</b>	<b>\$ 47,500</b>

<b>Volumes (Mmcf) :</b>								
Residential	3,608	2,845	763	2,906	74,684	77,606	(2,922)	83,005
Commercial	3,031	3,133	(102)	3,152	44,907	45,731	(824)	48,506
Industrial	295	215	80	229	3,006	2,103	903	2,615
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(1,723)	(1,295)	(428)	(433)	(45)	162	(207)	173
<b>Total Gas Distribution volumes</b>	5,211	4,898	313	5,854	122,552	125,602	(3,050)	134,299
<b>Transportation volumes</b>	3,718	4,146	(428)	4,133	37,502	35,766	1,736	38,887
<b>Total Throughput</b>	<b>8,929</b>	<b>9,044</b>	<b>(115)</b>	<b>9,987</b>	<b>160,054</b>	<b>161,368</b>	<b>(1,314)</b>	<b>173,186</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States Division

For the Year Ended June 30, 2020

Financial Results in \$MM's	QTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 11.2	\$ 7.5	\$ 3.7	49.3%	●	\$ 51.5	\$ 46.9	\$ 4.6	9.8%	●
Contribution Margin	39.3	40.8	(1.5)	(3.7%)	●	154.2	155.3	(1.1)	(0.7%)	●
O&M - Direct BU	7.7	9.1	1.4	15.4%	●	25.9	27.5	1.6	5.8%	●
Cap Rate	57.8%	56.3%	1.5%		●	57.5%	55.9%	1.6%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 30.3	\$ 31.9	\$ (1.6)	(5.0%)	●	\$ 88.8	\$ 91.8	\$ (3.0)	(3.3%)	●
Project Closings	\$ 33.0	\$ 25.8	\$ 7.2	27.9%	●	\$ 81.0	\$ 71.7	\$ 9.3	13.0%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		FY2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	352	352	-	0.0%	●	348	4	1.1%
Employee Headcount <sup>(2)</sup>	371	383	(12)	-3.1%	●	368	3	0.8%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 107.4	\$ 101.3	\$ 6.1	6.0%	●	\$ 101.4	\$ 6.0	5.9%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 101.9	\$ 93.1	\$ 8.8	9.5%	●	\$ 95.9	\$ 6.0	6.2%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information in \$MM's (as of period indicated)	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States Division**  
For the Year Ended June 30, 2020

**Quarter-to-Date**

**Margins:** Variance is primarily driven by transportation (\$1,302k) of which (\$597k) was expected due to the unwinding of unbilled from the first two quarters. The other transportation driver is load loss impact from COVID-19 with the auto and aluminum industries impacting the most. COVID equally impacted revenues received from forfeited discounts and miscellaneous service revenues to the tune of (\$1,061k).

**O&M:** O&M for the quarter was (\$1,400k) favorable. Labor was favorable (\$105k) due to less overtime because of COVID-19 policies. Benefits were favorable (\$112k) due mainly to variance. Employee travel was favorable (\$384k) due to the impact of COVID-19 travel policies. Outside services and Miscellaneous were favorable (\$627k) and (\$61k) respectively mainly driven by the reversal of O&M projects to capital projects. We experienced substantial movement within the Rent, Maint & Utilities, Vehicles & Equipment and Telecom categories. This movement is due to changes in lease standards accounting for Locusview, WMR tower lease and copier lease expenses. Net impact of these changes were (\$45k) favorable.

**Capital:** QTD variance is 4.96% (\$1,582k). This is driven by under spend on KY PRP (\$2,449k). Specifically, it is related to the replacement of services associated with the PRP main replacement. Replacement of services was temporarily suspended throughout much of the quarter due to COVID-19. It has resumed in mid-June and we expect to catch up throughout the 4th quarter.

**Year-to-Date**

**Margins:** YTD variance is (\$1,104k). Though COVID has impacted all customer classes in some regard, the biggest impact YTD is forfeited discounts (\$1,080k).

**O&M:** O&M YTD was (\$1,611k) favorable. Labor was favorable (\$89k) due mainly to cap rate (1.3%). Benefits were favorable (\$454k) due to variance. Employee travel was favorable (\$607k) due mainly to COVID-19 travel policies. Outside services were favorable (\$296k) due to the reversal of O&M projects to capital projects. We experienced substantial movement within the Rent, Maint & Utilities, Vehicles & Equipment and Telecom categories. This movement is due to changes in lease standards accounting for Locusview, WMR tower lease and copier lease expenses. Net impact of these changes were (\$67k) favorable.

**Capital:** YTD variance is 3.19% (\$2,928k). This is driven by under spend in the state of Tennessee (\$2,772k). This is due to deferment of capital spend on Tom Hitch 412 Phase 1 project in Columbia, TN and the Robert C. Jackson TDOT project in Maryville, TN. Deferral was for the redeployment of funds for use in other divisions within the Enterprise.



**Atmos Energy Corporation**  
**Distribution Operations**  
**Income Statement - Comparative**  
**KY/Mid-States Division**  
For the Year Ended June 30, 2020

<i>in \$thousands</i>	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 29,094	\$ 29,365	\$ (271)	\$ 27,593	\$ 121,587	\$ 121,592	\$ (5)	\$ 120,347
Transportation	8,980	10,282	(1,302)	9,306	28,412	28,555	(143)	28,930
Other revenue	1,198	1,160	38	1,734	4,216	5,172	(956)	3,203
<b>Total Contribution Margin</b>	<b>39,272</b>	<b>40,807</b>	<b>(1,535)</b>	<b>38,633</b>	<b>154,215</b>	<b>155,319</b>	<b>(1,104)</b>	<b>152,480</b>
<b>Operating expenses:</b>								
Direct BU O&M	7,698	9,098	1,400	9,369	25,891	27,503	1,612	26,256
Direct SSU Charges	1,110	1,025	(85)	1,125	3,438	2,976	(462)	3,327
SSU Allocations	3,836	4,481	645	4,031	12,003	12,928	925	11,901
Provision for bad debts	68	264	196	369	895	1,092	197	975
<b>Total O&amp;M expense</b>	<b>12,712</b>	<b>14,868</b>	<b>2,156</b>	<b>14,894</b>	<b>42,227</b>	<b>44,499</b>	<b>2,272</b>	<b>42,459</b>
Depreciation & amortization	9,535	8,964	(571)	9,077	28,222	27,830	(392)	27,825
Taxes, other than income	4,409	4,442	33	4,529	14,312	13,647	(665)	13,299
<b>Total operating expenses</b>	<b>26,656</b>	<b>28,274</b>	<b>1,618</b>	<b>28,500</b>	<b>84,761</b>	<b>85,976</b>	<b>1,215</b>	<b>83,583</b>
<b>Operating income</b>	<b>12,616</b>	<b>12,533</b>	<b>83</b>	<b>10,133</b>	<b>69,454</b>	<b>69,343</b>	<b>111</b>	<b>68,897</b>
<b>Other income (expense):</b>								
Interest, net	4,562	4,487	(75)	3,324	13,160	13,616	456	10,716
Miscellaneous income (expense), net	(1,707)	(1,291)	416	(1,467)	(4,409)	(3,200)	1,209	(3,427)
<b>Total other income (expense)</b>	<b>2,855</b>	<b>3,196</b>	<b>341</b>	<b>1,857</b>	<b>8,751</b>	<b>10,416</b>	<b>1,665</b>	<b>7,289</b>
<b>Income (loss) before income taxes</b>	<b>9,761</b>	<b>9,337</b>	<b>424</b>	<b>8,276</b>	<b>60,703</b>	<b>58,927</b>	<b>1,776</b>	<b>61,608</b>
Provision/(Benefit) for income taxes	(1,428)	1,877	3,305	1,648	9,237	12,023	2,786	12,510
<b>Net income (loss)</b>	<b>\$ 11,189</b>	<b>\$ 7,460</b>	<b>\$ 3,729</b>	<b>\$ 6,628</b>	<b>\$ 51,466</b>	<b>\$ 46,904</b>	<b>\$ 4,562</b>	<b>\$ 49,098</b>

<b>Volumes (Mmcf) :</b>								
Residential	12,126	11,896	230	11,924	77,009	80,209	(3,200)	85,726
Commercial	9,640	11,055	(1,415)	11,095	46,892	48,971	(2,079)	51,623
Industrial	897	623	274	710	3,275	2,287	988	2,845
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(5,775)	(6,086)	311	(5,129)	(889)	20	(909)	34
<b>Total Gas Distribution volumes</b>	<b>16,888</b>	<b>17,488</b>	<b>(600)</b>	<b>18,600</b>	<b>126,287</b>	<b>131,487</b>	<b>(5,200)</b>	<b>140,228</b>
<b>Transportation volumes</b>	<b>11,248</b>	<b>12,393</b>	<b>(1,145)</b>	<b>12,167</b>	<b>41,108</b>	<b>39,609</b>	<b>1,499</b>	<b>42,590</b>
<b>Total Throughput</b>	<b>28,136</b>	<b>29,881</b>	<b>(1,745)</b>	<b>30,767</b>	<b>167,395</b>	<b>171,096</b>	<b>(3,701)</b>	<b>182,818</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended July 31, 2020

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 0.6	\$ 0.9	\$ (0.3)	(33.3%)	●	\$ 52.0	\$ 47.8	\$ 4.2	8.8%	●
Contribution Margin	11.8	11.4	0.4	3.5%	●	166.0	166.7	(0.7)	(0.4%)	●
O&M - Direct BU	3.2	3.2	0.0	0.0%	●	29.1	30.7	1.6	5.2%	●
Cap Rate	58.6%	57.1%	1.5%		●	57.7%	56.0%	1.7%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 10.8	\$ 13.7	\$ (2.9)	(21.2%)	●	\$ 99.6	\$ 104.8	\$ (5.2)	(5.0%)	●
Project Closings	\$ 12.0	\$ 8.5	\$ 3.5	41.2%	●	\$ 93.0	\$ 80.2	\$ 12.8	16.0%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	Fiscal 2019	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	353	353	-	0.0%	●	349	4	1.1%
Employee Headcount <sup>(2)</sup>	367	383	(16)	-4.2%	●	369	(2)	-0.5%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 119.2	\$ 103.3	\$ 15.9	15.4%	●	\$ 116.1	\$ 3.1	2.6%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 114.7	\$ 95.2	\$ 19.5	20.4%	●	\$ 109.8	\$ 4.8	4.4%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information in \$MM's (as of period indicated)	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended July 31, 2020

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 9,004	\$ 8,871	\$ 133	\$ 8,829	\$ 130,590	\$ 130,463	\$ 127	\$ 129,176
Transportation	2,109	2,384	(275)	2,446	30,521	30,939	(418)	31,375
Other revenue	646	166	480	183	4,864	5,338	(474)	3,387
<b>Total Contribution Margin</b>	<b>11,759</b>	<b>11,421</b>	<b>338</b>	<b>11,458</b>	<b>165,975</b>	<b>166,740</b>	<b>(765)</b>	<b>163,938</b>
<b>Operating expenses:</b>								
Direct BU O&M	3,231	3,153	(78)	3,575	29,122	30,656	1,534	29,832
Direct SSU Charges	394	308	(86)	344	3,832	3,284	(548)	3,671
SSU Allocations	1,517	1,653	136	1,653	13,520	14,581	1,061	13,554
Provision for bad debts	72	80	8	51	967	1,172	205	1,025
<b>Total O&amp;M expense</b>	<b>5,214</b>	<b>5,194</b>	<b>(20)</b>	<b>5,623</b>	<b>47,441</b>	<b>49,693</b>	<b>2,252</b>	<b>48,082</b>
Depreciation & amortization	3,220	2,910	(310)	2,979	31,442	30,740	(702)	30,804
Taxes, other than income	1,462	1,438	(24)	1,140	15,774	15,085	(689)	14,439
<b>Total operating expenses</b>	<b>9,896</b>	<b>9,542</b>	<b>(354)</b>	<b>9,742</b>	<b>94,657</b>	<b>95,518</b>	<b>861</b>	<b>93,325</b>
<b>Operating income</b>	<b>1,863</b>	<b>1,879</b>	<b>(16)</b>	<b>1,716</b>	<b>71,318</b>	<b>71,222</b>	<b>96</b>	<b>70,613</b>
<b>Other income (expense):</b>								
Interest, net	1,513	1,445	(68)	1,128	14,673	15,061	388	11,844
Miscellaneous income (expense), net	(357)	(532)	(175)	(452)	(4,766)	(3,731)	1,035	(3,879)
<b>Total other income (expense)</b>	<b>1,156</b>	<b>913</b>	<b>(243)</b>	<b>676</b>	<b>9,907</b>	<b>11,330</b>	<b>1,423</b>	<b>7,965</b>
<b>Income (loss) before income taxes</b>	<b>707</b>	<b>966</b>	<b>(259)</b>	<b>1,040</b>	<b>61,411</b>	<b>59,892</b>	<b>1,519</b>	<b>62,648</b>
Provision/(Benefit) for income taxes	147	98	49	217	9,385	12,120	(2,735)	12,726
<b>Net income (loss)</b>	<b>\$ 560</b>	<b>\$ 868</b>	<b>\$ (308)</b>	<b>\$ 823</b>	<b>\$ 52,026</b>	<b>\$ 47,772</b>	<b>\$ 4,254</b>	<b>\$ 49,922</b>

<b>Volumes (Mmcf) :</b>								
Residential	2,374	2,070	304	2,297	79,383	82,279	(2,896)	88,023
Commercial	1,873	2,631	(758)	2,956	48,766	51,602	(2,836)	54,579
Industrial	259	192	67	238	3,533	2,479	1,054	3,083
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	958	138	820	136	69	159	(90)	170
<b>Total Gas Distribution volumes</b>	<b>5,464</b>	<b>5,031</b>	<b>433</b>	<b>5,627</b>	<b>131,751</b>	<b>136,519</b>	<b>(4,768)</b>	<b>145,855</b>
<b>Transportation volumes</b>	<b>3,493</b>	<b>3,647</b>	<b>(154)</b>	<b>3,836</b>	<b>44,601</b>	<b>43,256</b>	<b>1,345</b>	<b>46,426</b>
<b>Total Throughput</b>	<b>8,957</b>	<b>8,678</b>	<b>279</b>	<b>9,463</b>	<b>176,352</b>	<b>179,775</b>	<b>(3,423)</b>	<b>192,281</b>





# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended August 31, 2020

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 0.3	\$ 1.3	\$ (1.0)	(76.9%)	●	\$ 52.3	\$ 49.1	\$ 3.2	6.5%	●
Contribution Margin	11.5	11.3	0.2	1.8%	●	177.5	178.1	(0.6)	(0.3%)	●
O&M - Direct BU	3.0	2.8	(0.2)	(7.1%)	●	32.1	33.5	1.4	4.2%	●
Cap Rate	59.1%	56.8%	2.3%		●	57.8%	56.1%	1.7%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 9.5	\$ 13.4	\$ (3.9)	(29.1%)	●	\$ 109.1	\$ 117.8	\$ (8.7)	(7.4%)	●
Project Closings	\$ 15.3	\$ 13.9	\$ 1.4	10.1%	●	\$ 108.3	\$ 94.1	\$ 14.2	15.1%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2019	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	354	353	1	0.3%	●	350	4	1.1%
Employee Headcount <sup>(2)</sup>	367	382	(15)	-3.9%	●	373	(6)	-1.6%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 116.0	\$ 102.9	\$ 13.2	12.8%	●	\$ 117.8	\$ (1.8)	-1.5%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 111.9	\$ 95.0	\$ 16.9	17.7%	●	\$ 110.5	\$ 1.3	1.2%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information in \$MM's (as of period indicated)	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
September 30, 2017	335.8	303.0	47.6
September 30, 2016	335.8	274.6	49.1



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended August 31, 2020

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 8,870	\$ 8,769	\$ 101	\$ 8,598	\$ 139,460	\$ 139,232	\$ 228	\$ 137,774
Transportation	2,512	2,380	132	2,517	33,032	33,320	(288)	33,892
Other revenue	140	198	(58)	190	5,004	5,535	(531)	3,577
<b>Total Contribution Margin</b>	11,522	11,347	175	11,305	177,496	178,087	(591)	175,243
<b>Operating expenses:</b>								
Direct BU O&M	2,991	2,818	(173)	4,029	32,113	33,474	1,361	33,861
Direct SSU Charges	399	308	(91)	375	4,231	3,592	(639)	4,046
SSU Allocations	1,265	1,250	(15)	1,055	14,785	15,831	1,046	14,609
Provision for bad debts	723	80	(643)	49	1,690	1,253	(437)	1,075
<b>Total O&amp;M expense</b>	5,378	4,456	(922)	5,508	52,819	54,150	1,331	53,591
Depreciation & amortization	3,281	2,933	(348)	3,064	34,723	33,673	(1,050)	33,868
Taxes, other than income	1,423	1,414	(9)	1,152	17,197	16,500	(697)	15,591
<b>Total operating expenses</b>	10,082	8,803	(1,279)	9,724	104,739	104,323	(416)	103,050
<b>Operating income</b>	1,440	2,544	(1,104)	1,581	72,757	73,764	(1,007)	72,193
<b>Other income (expense):</b>								
Interest, net	1,511	1,412	(99)	3,010	16,185	16,473	288	14,854
Miscellaneous income (expense), net	(416)	(425)	(9)	(2,242)	(5,183)	(4,157)	1,026	(6,121)
<b>Total other income (expense)</b>	1,095	987	(108)	768	11,002	12,316	1,314	8,733
<b>Income (loss) before income taxes</b>	345	1,557	(1,212)	813	61,755	61,448	307	63,460
Provision/(Benefit) for income taxes	71	220	(149)	169	9,455	12,339	(2,884)	12,896
<b>Net income (loss)</b>	<b>\$ 274</b>	<b>\$ 1,337</b>	<b>\$ (1,063)</b>	<b>\$ 644</b>	<b>\$ 52,300</b>	<b>\$ 49,109</b>	<b>\$ 3,191</b>	<b>\$ 50,564</b>

<b>Volumes (Mmcf) :</b>								
Residential	2,195	1,940	255	1,938	81,578	84,219	(2,641)	89,960
Commercial	2,346	2,568	(222)	2,645	51,112	54,170	(3,058)	57,224
Industrial	268	160	108	243	3,801	2,639	1,162	3,326
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	3	(7)	10	(11)	72	151	(79)	159
<b>Total Gas Distribution volumes</b>	4,812	4,661	151	4,815	136,563	141,179	(4,616)	150,669
<b>Transportation volumes</b>	3,650	3,621	29	3,833	48,251	46,877	1,374	50,259
<b>Total Throughput</b>	<b>8,462</b>	<b>8,282</b>	<b>180</b>	<b>8,648</b>	<b>184,814</b>	<b>188,056</b>	<b>(3,242)</b>	<b>200,928</b>



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States Division**  
For the Year Ended September 30, 2020

Financial Results in \$MM's	QTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 1.9	\$ 3.6	\$ (1.7)	(47.2%)	●	\$ 53.3	\$ 50.5	\$ 2.8	5.5%	●
Contribution Margin	35.1	34.6	0.5	1.4%	●	189.4	189.9	(0.5)	(0.3%)	●
O&M - Direct BU	9.3	8.8	(0.5)	(5.7%)	●	35.2	36.3	1.1	3.0%	●
Cap Rate	58.8%	56.8%	2.0%		●	57.9%	56.1%	1.8%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 36.3	\$ 36.8	\$ (0.5)	(1.4%)	●	\$ 125.2	\$ 128.6	\$ (3.4)	(2.6%)	●
Project Closings	\$ 47.7	\$ 51.9	\$ (4.2)	(8.1%)	●	\$ 128.7	\$ 123.5	\$ 5.2	4.2%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	FY2019	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	355	354	1	0.3%	●	350	5	1.4%
Employee Headcount <sup>(2)</sup>	366	382	(16)	-4.2%	●	<u>Sep</u> 375	(9)	-2.4%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 99.1	\$ 102.7	\$ (3.6)	-3.5%	●	\$ 109.0	\$ (9.9)	-9.1%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 96.1	\$ 95.1	\$ 1.0	1.0%	●	\$ 101.8	\$ (5.6)	-5.5%	●

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

(2) Employee headcount is as of period end.

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

Rate Base Information in \$MM's (as of period indicated)	KY	TN	VA
September 30, 2018	\$ 427.6	\$ 303.0	\$ 47.6
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September 30, 2016	335.8	274.6	49.1



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States Division**  
For the Year Ended September 30, 2020

**Quarter-to-Date**

**Contribution Margin:** QTD variance is +\$543k. The positive variance is driven by COS refund provision adjustment \$731k. COVID continued to impact revenues received from forfeited discounts and miscellaneous service revenues to the tune of (\$445k).

**Direct O&M:** O&M for the quarter was \$445k unfavorable. Labor was favorable (\$166k) due to less overtime because of COVID-19 policies. Benefits were favorable (\$213k) due mainly to variance. Employee travel was favorable (\$400k) due to the impact of COVID-19 travel policies. Outside services were unfavorable \$927k due to incremental spend, AOC, PIM assessment, Station Maintenance, risk model consultation and ROW. Employee Welfare was unfavorable \$299k due to MIP/VPP.

**Capital Spend:** QTD variance is \$463k and not driven by any one specific project .

**Year-to-Date**

**Contribution Margin:** YTD variance is (\$561k). Though COVID has impacted all customer classes in some regard, the biggest impact YTD is forfeited discounts (\$1,357k).

**Direct O&M:** O&M YTD was (\$1,166k) favorable. Labor was favorable (\$255k) due mainly to cap rate (1.4%). Benefits were favorable (\$666k) due to variance. Employee travel was favorable (\$1,007k) due mainly to COVID-19 travel policies. Outside services were unfavorable \$525k due to incremental spend, ROW and line locates. Employee welfare was unfavorable \$238k due to MIP/VPP.

We experienced substantial movement within the Rent, Maint & Utilities, Vehicles & Equipment and Telecom categories. This movement is due to changes in lease standards accounting for Locusview, WMR tower lease and copier lease expenses. Net impact of these changes were (\$141k) favorable.

**Capital Spend:** YTD variance is 2.64% (\$3,390k) . This is driven by under spend in the state of Tennessee (\$5,537k). This is due to deferment of capital spend on Tom Hitch 412 Phase 1 project in Columbia, TN and the Robert C. Jackson TDOT project in Maryville, TN. Deferrment was for the redeployment of funds for use in other divisions within the Enterprise.



**Atmos Energy Corporation**  
**Distribution Operations**  
**Income Statement - Comparative**  
**KY/Mid-States Division**  
For the Year Ended September 30, 2020

<i>in \$thousands</i>	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2019	Actual	Budget	Fav/ Unfav	FY2019
<b>Contribution Margin:</b>								
Delivered gas	\$ 27,103	\$ 26,774	\$ 329	\$ 26,176	\$ 148,690	\$ 148,366	\$ 324	\$ 146,523
Transportation	7,194	7,267	(73)	7,346	35,606	35,822	(216)	36,276
Other revenue	838	551	287	549	5,054	5,723	(669)	3,752
<b>Total Contribution Margin</b>	<b>35,135</b>	<b>34,592</b>	<b>543</b>	<b>34,071</b>	<b>189,350</b>	<b>189,911</b>	<b>(561)</b>	<b>186,551</b>
<b>Operating expenses:</b>								
Direct BU O&M	9,284	8,839	(445)	11,901	35,176	36,342	1,166	38,157
Direct SSU Charges	1,239	977	(262)	1,175	4,677	3,953	(724)	4,502
SSU Allocations	3,778	4,219	441	3,894	15,782	17,147	1,365	15,795
Provision for bad debts	995	245	(750)	398	1,890	1,337	(553)	1,372
<b>Total O&amp;M expense</b>	<b>15,296</b>	<b>14,280</b>	<b>(1,016)</b>	<b>17,368</b>	<b>57,525</b>	<b>58,779</b>	<b>1,254</b>	<b>59,826</b>
Depreciation & amortization	9,841	8,928	(913)	9,586	38,064	36,759	(1,305)	37,411
Taxes, other than income	4,443	4,306	(137)	3,419	18,755	17,953	(802)	16,718
<b>Total operating expenses</b>	<b>29,580</b>	<b>27,514</b>	<b>(2,066)</b>	<b>30,373</b>	<b>114,344</b>	<b>113,491</b>	<b>(853)</b>	<b>113,955</b>
<b>Operating income</b>	<b>5,555</b>	<b>7,078</b>	<b>(1,523)</b>	<b>3,698</b>	<b>75,006</b>	<b>76,420</b>	<b>(1,414)</b>	<b>72,596</b>
<b>Other income (expense):</b>								
Interest, net	4,404	4,260	(144)	5,732	17,564	17,876	312	16,449
Miscellaneous income (expense), net	(458)	(1,368)	(910)	(3,269)	(4,867)	(4,568)	299	(6,697)
<b>Total other income (expense)</b>	<b>3,946</b>	<b>2,892</b>	<b>(1,054)</b>	<b>2,463</b>	<b>12,697</b>	<b>13,308</b>	<b>611</b>	<b>9,752</b>
<b>Income (loss) before income taxes</b>	<b>1,609</b>	<b>4,186</b>	<b>(2,577)</b>	<b>1,235</b>	<b>62,309</b>	<b>63,112</b>	<b>(803)</b>	<b>62,844</b>
Provision/(Benefit) for income taxes	(259)	567	826	1,286	8,975	12,589	3,614	13,795
<b>Net income (loss)</b>	<b>\$ 1,868</b>	<b>\$ 3,619</b>	<b>\$ (1,751)</b>	<b>\$ (51)</b>	<b>\$ 53,334</b>	<b>\$ 50,523</b>	<b>\$ 2,811</b>	<b>\$ 49,049</b>

<b>Volumes (Mmcf) :</b>								
Residential	6,731	5,939	792	6,074	83,740	86,148	(2,408)	91,800
Commercial	6,578	7,748	(1,170)	8,132	53,470	56,719	(3,249)	59,755
Industrial	800	519	281	707	4,074	2,806	1,268	3,552
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	905	(21)	926	(27)	16	(1)	17	7
<b>Total Gas Distribution volumes</b>	<b>15,014</b>	<b>14,185</b>	<b>829</b>	<b>14,886</b>	<b>141,300</b>	<b>145,672</b>	<b>(4,372)</b>	<b>155,114</b>
<b>Transportation volumes</b>	<b>10,877</b>	<b>10,966</b>	<b>(89)</b>	<b>11,383</b>	<b>51,985</b>	<b>50,575</b>	<b>1,410</b>	<b>53,973</b>
<b>Total Throughput</b>	<b>25,891</b>	<b>25,151</b>	<b>740</b>	<b>26,269</b>	<b>193,285</b>	<b>196,247</b>	<b>(2,962)</b>	<b>209,087</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended October 31, 2020

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 2.6	\$ 2.2	\$ 0.4	18.2%	●	\$ 2.6	\$ 2.2	\$ 0.4	18.2%	●
Contribution Margin	13.6	13.3	0.3	2.3%	●	13.6	13.3	0.3	2.3%	●
O&M - Direct BU	2.7	3.1	0.4	12.9%	●	2.7	3.1	0.4	12.9%	●
Cap Rate	58.4%	57.1%	1.3%		●	58.4%	57.1%	1.3%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 9.4	\$ 9.6	\$ (0.2)	(2.1%)	●	\$ 9.4	\$ 9.2	\$ 0.2	2.2%	●
Project Closings	\$ 5.3	\$ 5.2	\$ 0.1	1.9%	●	\$ 5.3	\$ 5.2	\$ 0.1	1.9%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2020	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	355	354	1	0.3%	●	350	5	1.4%
Employee Headcount <sup>(2)</sup>	364	382	(18)	-4.7%	●	375	(11)	-2.9%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 111.2	\$ 101.3	\$ 9.9	9.8%	●	\$ 123.3	\$ (12.1)	-9.8%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 108.4	\$ 93.9	\$ 14.6	15.5%	●	\$ 115.1	\$ (6.7)	-5.8%	●

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

(2) Employee headcount is as of period end.

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



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended October 31, 2020

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	Fiscal 2020	Actual	Budget	Fav/ Unfav	Fiscal 2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 10,673	\$ 10,431	\$ 242	\$ 10,154	\$ 10,673	\$ 10,431	\$ 242	\$ 10,154
Transportation	2,862	2,498	364	2,816	2,862	2,498	364	2,816
Other revenue	54	372	(318)	379	54	372	(318)	379
<b>Total Contribution Margin</b>	<b>13,589</b>	<b>13,301</b>	<b>288</b>	<b>13,349</b>	<b>13,589</b>	<b>13,301</b>	<b>288</b>	<b>13,349</b>
<b>Operating expenses:</b>								
Direct BU O&M	2,748	3,085	337	3,185	2,748	3,085	337	3,185
Direct SSU Charges	403	292	(111)	314	403	292	(111)	314
SSU Allocations	1,422	1,460	38	1,594	1,422	1,460	38	1,594
Provision for bad debts	126	94	(32)	92	126	94	(32)	92
<b>Total O&amp;M expense</b>	<b>4,699</b>	<b>4,931</b>	<b>232</b>	<b>5,185</b>	<b>4,699</b>	<b>4,931</b>	<b>232</b>	<b>5,185</b>
Depreciation & amortization	3,244	3,281	37	3,114	3,244	3,281	37	3,114
Taxes, other than income	1,296	1,329	33	1,414	1,296	1,329	33	1,414
<b>Total operating expenses</b>	<b>9,239</b>	<b>9,541</b>	<b>302</b>	<b>9,713</b>	<b>9,239</b>	<b>9,541</b>	<b>302</b>	<b>9,713</b>
<b>Operating income</b>	<b>4,350</b>	<b>3,760</b>	<b>590</b>	<b>3,636</b>	<b>4,350</b>	<b>3,760</b>	<b>590</b>	<b>3,636</b>
<b>Other income (expense):</b>								
Interest, net	1,436	1,508	72	1,427	1,436	1,508	72	1,427
Miscellaneous income (expense), net	(328)	(472)	(144)	(390)	(328)	(472)	(144)	(390)
<b>Total other income (expense)</b>	<b>1,108</b>	<b>1,036</b>	<b>(72)</b>	<b>1,037</b>	<b>1,108</b>	<b>1,036</b>	<b>(72)</b>	<b>1,037</b>
<b>Income (loss) before income taxes</b>	<b>3,242</b>	<b>2,724</b>	<b>518</b>	<b>2,599</b>	<b>3,242</b>	<b>2,724</b>	<b>518</b>	<b>2,599</b>
Provision/(Benefit) for income taxes	665	550	115	507	665	550	115	507
<b>Net income (loss)</b>	<b>\$ 2,577</b>	<b>\$ 2,174</b>	<b>\$ 403</b>	<b>\$ 2,092</b>	<b>\$ 2,577</b>	<b>\$ 2,174</b>	<b>\$ 403</b>	<b>\$ 2,092</b>

<b>Volumes (Mmcf) :</b>								
Residential	2,561	2,211	350	2,117	2,561	2,211	350	2,117
Commercial	2,673	2,844	(171)	2,743	2,673	2,844	(171)	2,743
Industrial	302	227	75	315	302	227	75	315
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	4,682	1,762	2,920	4,843	4,682	1,762	2,920	4,843
<b>Total Gas Distribution volumes</b>	<b>10,218</b>	<b>7,044</b>	<b>3,174</b>	<b>10,018</b>	<b>10,218</b>	<b>7,044</b>	<b>3,174</b>	<b>10,018</b>
<b>Transportation volumes</b>	<b>4,312</b>	<b>3,683</b>	<b>629</b>	<b>4,525</b>	<b>4,312</b>	<b>3,683</b>	<b>629</b>	<b>4,525</b>
<b>Total Throughput</b>	<b>14,530</b>	<b>10,727</b>	<b>3,803</b>	<b>14,543</b>	<b>14,530</b>	<b>10,727</b>	<b>3,803</b>	<b>14,543</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended November 30, 2020

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 5.5	\$ 4.8	\$ 0.7	14.6%	●	\$ 8.1	\$ 7.0	\$ 1.1	15.7%	●
Contribution Margin	16.4	17.2	(0.8)	(4.7%)	●	30.0	30.5	(0.5)	(1.6%)	●
O&M - Direct BU	2.3	3.2	0.9	28.1%	●	5.1	6.3	1.2	19.0%	●
Cap Rate	60.0%	54.9%	5.1%		●	59.2%	56.0%	3.2%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 8.9	\$ 10.2	\$ (1.3)	(12.7%)	●	\$ 18.4	\$ 19.3	\$ (0.9)	(4.7%)	●
Project Closings	\$ 5.8	\$ 5.3	\$ 0.5	9.4%	●	\$ 11.1	\$ 10.4	\$ 0.7	6.7%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	Fiscal 2020	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	355	354	1	0.3%	●	350	5	1.4%
Employee Headcount <sup>(2)</sup>	364	382	(18)	-4.7%	●	374	(10)	-2.7%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 108.5	\$ 102.2	\$ 6.3	6.2%	●	\$ 123.5	\$ (14.9)	-12.1%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 105.9	\$ 94.7	\$ 11.2	11.8%	●	\$ 115.5	\$ (9.7)	-8.4%	●

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

(2) Employee headcount is as of period end.

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





# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended November 30, 2020

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	Fiscal 2020	Actual	Budget	Fav/ Unfav	Fiscal 2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 13,315	\$ 13,933	\$ (618)	\$ 13,326	\$ 23,988	\$ 24,364	\$ (376)	\$ 23,479
Transportation	2,986	2,939	47	3,351	5,848	5,438	410	6,167
Other revenue	78	358	(280)	399	132	730	(598)	779
<b>Total Contribution Margin</b>	<b>16,379</b>	<b>17,230</b>	<b>(851)</b>	<b>17,076</b>	<b>29,968</b>	<b>30,532</b>	<b>(564)</b>	<b>30,425</b>
<b>Operating expenses:</b>								
Direct BU O&M	2,342	3,186	844	3,288	5,091	6,272	1,181	6,474
Direct SSU Charges	342	299	(43)	337	744	590	(154)	651
SSU Allocations	1,033	1,418	385	1,130	2,456	2,878	422	2,724
Provision for bad debts	167	123	(44)	120	293	217	(76)	212
<b>Total O&amp;M expense</b>	<b>3,884</b>	<b>5,026</b>	<b>1,142</b>	<b>4,875</b>	<b>8,584</b>	<b>9,957</b>	<b>1,373</b>	<b>10,061</b>
Depreciation & amortization	3,241	3,281	40	3,121	6,485	6,561	76	6,235
Taxes, other than income	1,392	1,482	90	1,732	2,688	2,811	123	3,147
<b>Total operating expenses</b>	<b>8,517</b>	<b>9,789</b>	<b>1,272</b>	<b>9,728</b>	<b>17,757</b>	<b>19,329</b>	<b>1,572</b>	<b>19,443</b>
<b>Operating income</b>	<b>7,862</b>	<b>7,441</b>	<b>421</b>	<b>7,348</b>	<b>12,211</b>	<b>11,203</b>	<b>1,008</b>	<b>10,982</b>
<b>Other income (expense):</b>								
Interest, net	1,440	1,542	102	1,445	2,876	3,049	173	2,871
Miscellaneous income (expense), net	(546)	(120)	426	(458)	(873)	(591)	282	(847)
<b>Total other income (expense)</b>	<b>894</b>	<b>1,422</b>	<b>528</b>	<b>987</b>	<b>2,003</b>	<b>2,458</b>	<b>455</b>	<b>2,024</b>
<b>Income (loss) before income taxes</b>	<b>6,968</b>	<b>6,019</b>	<b>949</b>	<b>6,361</b>	<b>10,208</b>	<b>8,745</b>	<b>1,463</b>	<b>8,958</b>
Provision/(Benefit) for income taxes	1,431	1,189	242	1,193	2,094	1,741	353	1,699
<b>Net income (loss)</b>	<b>\$ 5,537</b>	<b>\$ 4,830</b>	<b>\$ 707</b>	<b>\$ 5,168</b>	<b>\$ 8,114</b>	<b>\$ 7,004</b>	<b>\$ 1,110</b>	<b>\$ 7,259</b>

<b>Volumes (Mmcf) :</b>								
Residential	6,054	4,948	1,106	8,954	8,615	7,159	1,456	11,071
Commercial	3,941	3,740	201	5,420	6,614	6,584	30	8,163
Industrial	342	300	42	383	644	527	117	698
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(221)	4,146	(4,367)	(53)	4,461	5,908	(1,447)	4,789
<b>Total Gas Distribution volumes</b>	<b>10,116</b>	<b>13,134</b>	<b>(3,018)</b>	<b>14,704</b>	<b>20,334</b>	<b>20,178</b>	<b>156</b>	<b>24,721</b>
<b>Transportation volumes</b>	<b>4,403</b>	<b>4,344</b>	<b>59</b>	<b>4,923</b>	<b>8,715</b>	<b>8,026</b>	<b>689</b>	<b>9,448</b>
<b>Total Throughput</b>	<b>14,519</b>	<b>17,478</b>	<b>(2,959)</b>	<b>19,627</b>	<b>29,049</b>	<b>28,204</b>	<b>845</b>	<b>34,169</b>



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States Division**  
For the Year Ended December 31, 2020

Financial Results in \$MM's	QTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 16.5	\$ 15.9	\$ 0.6	3.8%	●	\$ 16.5	\$ 15.9	\$ 0.6	3.8%	●
Contribution Margin	51.4	52.7	(1.3)	(2.5%)	●	51.4	52.7	(1.3)	(2.5%)	●
O&M - Direct BU	8.5	9.6	1.1	11.5%	●	8.5	9.6	1.1	11.5%	●
Cap Rate	58.8%	56.4%	2.4%		●	58.8%	56.4%	2.4%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 29.3	\$ 30.6	\$ (1.3)	(4.2%)	●	\$ 29.3	\$ 30.6	\$ (1.3)	(4.2%)	●
Project Closings	\$ 21.3	\$ 19.5	\$ 1.8	9.2%	●	\$ 21.3	\$ 19.5	\$ 1.8	9.2%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	FY2020	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	357	354	3	0.8%	●	351	6	1.7%
Employee Headcount <sup>(2)</sup>	361	382	(21)	-5.5%	●	374	(13)	-3.5%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 96.1	\$ 103.2	\$ (7.1)	-6.9%	●	\$ 111.9	\$ (15.9)	-14.2%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 95.0	\$ 95.6	\$ (0.6)	-0.6%	●	\$ 105.0	\$ (10.0)	-9.6%	●

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

(2) Employee headcount is as of period end.

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



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States Division**  
For the Year Ended December 31, 2020

### Quarter-to-Date

**Margins:** Similar to FY20, COVID continues to impact revenues received from forfeited discounts and miscellaneous service revenues to the tune of (\$841k) in the first quarter. In addition, we incurred a Weather and Consumption, Net of WNA variance of (\$619k). KMD as a whole was 10% warmer than normal for the quarter.

**O&M:** O&M for the quarter was \$1,075k favorable to budget due to hold in filling 21 vacancies. Labor was favorable \$290k because of delay in filling 21 vacancies, less overtime and exceeding cap rate by 2.5%. Benefits were favorable \$262k due to normal variance, delay in filling open positions, and impact of exceeding cap rates. Employee travel was favorable \$352k due to the impact of COVID-19 travel policies. Outside services were unfavorable (\$363k) due to TN September line locates being booked in October. Employee Welfare was favorable (63k due to MIP/VPP. Marketing & Materials were a combined favorable \$158k due to timing. Vehicles were favorable \$161k primarily due to unbudgeted sale proceeds from leased vehicles.

**Capital:**

**KY:**

KY Bare Steel replacement (PRP) (\$-412k): Delay in spend is due to delivery of materials. We had 5 projects in Bowling Green, 3 in Glasgow, and 3 in Danville where materials were not delivered until the end of October. This is despite material orders being placed in late July and early August for delivery the first week of October. The COVID pandemic has created shut downs at the various manufacturers leading to the delays on our budgeted construction start times.

KY Non-PRP spend (\$+223k): We are ahead of schedule in regards to timing on the low pressure replacement work in Hopkinsville (East 19th St.) and Owensboro (4th St). Projects are on budget in relation to estimated cost.

**VA:**

VA Non-Save (-\$488k): Primary driver is Volvo relocation project (-\$219k). We had been waiting to hear back from Volvo's engineer on the proposed path and for them to begin their part of opening the trench and building up the shoulder. Per Chris Cross at Martin Contracting, worked began the week of January 4th.

**TN:**

First driver is South Texas purchase station replacement in Union City (-\$585k). We made more progress at the end of FY20 leading to \$200k posting in September that was originally part of FY21 budget. We are deploying these available funds to east Tennessee for a Tennessee Public Utility Commission (TPUC) safety replacement project (9th Street Replacement in Bristol, TN). The South Texas purchase replacement project was placed in-service during the month of December.

Second driver is growth main installation timing in middle Tennessee (-\$573k). The middle Tennessee growth budget was developed based on history as well as known upcoming developments. However, the budgeted bucket of dollars is even spread over 12 months during budget entry due to difficulty of predicting developer timing. Per KMD marketing, the current forecast will still reflect these dollars being spent in FY21.

### Year-to-Date

**Margins:** Similar to FY20, COVID continues to impact revenues received from forfeited discounts and miscellaneous service revenues to the tune of (\$841k) in the first quarter. In addition, we incurred a Weather and Consumption, Net of WNA variance of (\$619k). KMD as a whole was 10% warmer than normal for the quarter.

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**Atmos Energy Corporation**  
**Distribution Operations**  
**Income Statement - Comparative**  
**KY/Mid-States Division**  
For the Year Ended December 31, 2020

<i>in \$thousands</i>	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2020	Actual	Budget	Fav/ Unfav	FY2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 41,922	\$ 42,659	\$ (737)	\$ 40,881	\$ 41,922	\$ 42,659	\$ (737)	\$ 40,881
Transportation	9,223	8,881	342	9,388	9,223	8,881	342	9,388
Other revenue	273	1,114	(841)	1,303	273	1,114	(841)	1,303
<b>Total Contribution Margin</b>	<b>51,418</b>	<b>52,654</b>	<b>(1,236)</b>	<b>51,572</b>	<b>51,418</b>	<b>52,654</b>	<b>(1,236)</b>	<b>51,572</b>
<b>Operating expenses:</b>								
Direct BU O&M	8,538	9,612	1,074	9,416	8,538	9,612	1,074	9,416
Direct SSU Charges	1,129	954	(175)	996	1,129	954	(175)	996
SSU Allocations	3,788	4,405	617	4,070	3,788	4,405	617	4,070
Provision for bad debts	527	379	(148)	368	527	379	(148)	368
<b>Total O&amp;M expense</b>	<b>13,982</b>	<b>15,350</b>	<b>1,368</b>	<b>14,850</b>	<b>13,982</b>	<b>15,350</b>	<b>1,368</b>	<b>14,850</b>
Depreciation & amortization	9,739	9,847	108	9,364	9,739	9,847	108	9,364
Taxes, other than income	4,053	4,195	142	4,517	4,053	4,195	142	4,517
<b>Total operating expenses</b>	<b>27,774</b>	<b>29,392</b>	<b>1,618</b>	<b>28,731</b>	<b>27,774</b>	<b>29,392</b>	<b>1,618</b>	<b>28,731</b>
<b>Operating income</b>	<b>23,644</b>	<b>23,262</b>	<b>382</b>	<b>22,841</b>	<b>23,644</b>	<b>23,262</b>	<b>382</b>	<b>22,841</b>
<b>Other income (expense):</b>								
Interest, net	4,303	4,607	304	4,346	4,303	4,607	304	4,346
Miscellaneous income (expense), net	(1,346)	(1,038)	308	(1,364)	(1,346)	(1,038)	308	(1,364)
<b>Total other income (expense)</b>	<b>2,957</b>	<b>3,569</b>	<b>612</b>	<b>2,982</b>	<b>2,957</b>	<b>3,569</b>	<b>612</b>	<b>2,982</b>
<b>Income (loss) before income taxes</b>	<b>20,687</b>	<b>19,693</b>	<b>994</b>	<b>19,859</b>	<b>20,687</b>	<b>19,693</b>	<b>994</b>	<b>19,859</b>
Provision/(Benefit) for income taxes	4,187	3,813	(374)	4,342	4,187	3,813	(374)	4,342
<b>Net income (loss)</b>	<b>\$ 16,500</b>	<b>\$ 15,880</b>	<b>\$ 620</b>	<b>\$ 15,517</b>	<b>\$ 16,500</b>	<b>\$ 15,880</b>	<b>\$ 620</b>	<b>\$ 15,517</b>

<b>Volumes (Mmcf) :</b>								
Residential	19,977	19,548	429	23,259	19,977	19,548	429	23,259
Commercial	11,854	12,958	(1,104)	14,604	11,854	12,958	(1,104)	14,604
Industrial	1,153	889	264	1,124	1,153	889	264	1,124
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	9,995	11,848	(1,853)	11,308	9,995	11,848	(1,853)	11,308
<b>Total Gas Distribution volumes</b>	<b>42,979</b>	<b>45,243</b>	<b>(2,264)</b>	<b>50,295</b>	<b>42,979</b>	<b>45,243</b>	<b>(2,264)</b>	<b>50,295</b>
<b>Transportation volumes</b>	<b>13,940</b>	<b>12,725</b>	<b>1,215</b>	<b>14,840</b>	<b>13,940</b>	<b>12,725</b>	<b>1,215</b>	<b>14,840</b>
<b>Total Throughput</b>	<b>56,919</b>	<b>57,968</b>	<b>(1,049)</b>	<b>65,135</b>	<b>56,919</b>	<b>57,968</b>	<b>(1,049)</b>	<b>65,135</b>



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

For the Period Ended January 31, 2021

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 9.7	\$ 10.0	\$ (0.3)	(3.0%)	●	\$ 26.1	\$ 25.8	\$ 0.3	1.2%	●
Contribution Margin	23.3	23.4	(0.1)	(0.4%)	●	74.7	76.0	(1.3)	(1.7%)	●
O&M - Direct BU	2.7	3.0	0.3	10.0%	●	11.2	12.6	1.4	11.1%	●
Cap Rate	58.5%	57.6%	0.9%		●	58.8%	56.7%	2.1%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 7.7	\$ 9.4	\$ (1.7)	(18.1%)	●	\$ 36.8	\$ 40.0	\$ (3.2)	(8.0%)	●
Project Closings	\$ 5.9	\$ 9.0	\$ (3.1)	(34.4%)	●	\$ 27.2	\$ 28.5	\$ (1.3)	(4.6%)	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	Fiscal 2020	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	357	355	2	0.6%	●	351	6	1.7%
Employee Headcount <sup>(2)</sup>	360	382	(22)	-5.8%	●	378	(18)	-4.8%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 107.4	\$ 102.8	\$ 4.7	4.6%	●	\$ 125.5	\$ (18.1)	-14.4%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 106.5	\$ 95.5	\$ 11.1	11.6%	●	\$ 116.6	\$ (10.0)	-8.6%	●

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

(2) Employee headcount is as of period end.

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



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended January 31, 2021

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	Fiscal 2020	Actual	Budget	Fav/ Unfav	Fiscal 2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 19,511	\$ 19,465	\$ 46	\$ 19,593	\$ 61,433	\$ 62,125	\$ (692)	\$ 60,473
Transportation	3,614	3,377	237	3,524	12,837	12,258	579	12,912
Other revenue	183	531	(348)	726	457	1,644	(1,187)	2,030
<b>Total Contribution Margin</b>	<b>23,308</b>	<b>23,373</b>	<b>(65)</b>	<b>23,843</b>	<b>74,727</b>	<b>76,027</b>	<b>(1,300)</b>	<b>75,415</b>
<b>Operating expenses:</b>								
Direct BU O&M	2,705	2,995	290	3,438	11,242	12,607	1,365	12,853
Direct SSU Charges	457	423	(34)	444	1,587	1,377	(210)	1,441
SSU Allocations	1,274	1,419	145	1,359	5,063	5,823	760	5,428
Provision for bad debts	234	171	(63)	174	761	550	(211)	542
<b>Total O&amp;M expense</b>	<b>4,670</b>	<b>5,008</b>	<b>338</b>	<b>5,415</b>	<b>18,653</b>	<b>20,357</b>	<b>1,704</b>	<b>20,264</b>
Depreciation & amortization	3,257	3,286	29	3,135	12,996	13,133	137	12,499
Taxes, other than income	1,820	1,711	(109)	1,666	5,873	5,907	34	6,183
<b>Total operating expenses</b>	<b>9,747</b>	<b>10,005</b>	<b>258</b>	<b>10,216</b>	<b>37,522</b>	<b>39,397</b>	<b>1,875</b>	<b>38,946</b>
<b>Operating income</b>	<b>13,561</b>	<b>13,368</b>	<b>193</b>	<b>13,627</b>	<b>37,205</b>	<b>36,630</b>	<b>575</b>	<b>36,469</b>
<b>Other income (expense):</b>								
Interest, net	1,368	1,467	99	1,405	5,671	6,075	404	5,750
Miscellaneous income (expense), net	(622)	(509)	113	(424)	(1,968)	(1,548)	420	(1,787)
<b>Total other income (expense)</b>	<b>746</b>	<b>958</b>	<b>212</b>	<b>981</b>	<b>3,703</b>	<b>4,527</b>	<b>824</b>	<b>3,963</b>
<b>Income (loss) before income taxes</b>	<b>12,815</b>	<b>12,410</b>	<b>405</b>	<b>12,646</b>	<b>33,502</b>	<b>32,103</b>	<b>1,399</b>	<b>32,506</b>
Provision/(Benefit) for income taxes	3,165	2,450	715	2,639	7,353	6,263	1,090	6,981
<b>Net income (loss)</b>	<b>\$ 9,650</b>	<b>\$ 9,960</b>	<b>\$ (310)</b>	<b>\$ 10,007</b>	<b>\$ 26,149</b>	<b>\$ 25,840</b>	<b>\$ 309</b>	<b>\$ 25,525</b>

<b>Volumes (Mmcf) :</b>								
Residential	18,106	19,158	(1,052)	15,188	38,083	38,707	(624)	38,446
Commercial	8,853	9,318	(465)	7,925	20,707	22,276	(1,569)	22,529
Industrial	509	440	69	440	1,661	1,329	332	1,564
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(125)	(1,211)	1,086	154	9,870	10,637	(767)	11,462
<b>Total Gas Distribution volumes</b>	<b>27,343</b>	<b>27,705</b>	<b>(362)</b>	<b>23,707</b>	<b>70,321</b>	<b>72,949</b>	<b>(2,628)</b>	<b>74,001</b>
<b>Transportation volumes</b>	<b>5,526</b>	<b>5,084</b>	<b>442</b>	<b>5,174</b>	<b>19,466</b>	<b>17,809</b>	<b>1,657</b>	<b>20,014</b>
<b>Total Throughput</b>	<b>32,869</b>	<b>32,789</b>	<b>80</b>	<b>28,881</b>	<b>89,787</b>	<b>90,758</b>	<b>(971)</b>	<b>94,015</b>



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

For the Period Ended February 28, 2021

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 7.6	\$ 8.9	\$ (1.3)	(14.6%)	●	\$ 33.7	\$ 34.8	\$ (1.1)	(3.2%)	●
Contribution Margin	20.3	21.8	(1.5)	(6.9%)	●	95.1	97.8	(2.7)	(2.8%)	●
O&M - Direct BU	2.7	2.8	0.1	3.6%	●	14.0	15.5	1.5	9.7%	●
Cap Rate	56.5%	57.9%	(1.4%)		●	58.4%	56.9%	1.5%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 6.9	\$ 9.3	\$ (2.4)	(25.8%)	●	\$ 43.7	\$ 49.3	\$ (5.6)	(11.4%)	●
Project Closings	\$ 3.8	\$ 6.5	\$ (2.7)	(41.5%)	●	\$ 31.0	\$ 35.0	\$ (4.0)	(11.4%)	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2020	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	357	355	2	0.6%	●	352	5	1.4%
Employee Headcount <sup>(2)</sup>	358	382	(24)	-6.3%	●	380	(22)	-5.8%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 108.8	\$ 102.7	\$ 6.1	6.0%	●	\$ 124.2	\$ (15.3)	-12.4%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 108.5	\$ 95.5	\$ 13.1	13.7%	●	\$ 115.0	\$ (6.5)	-5.6%	●

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

(2) Employee headcount is as of period end.

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



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended February 28, 2021

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	Fiscal 2020	Actual	Budget	Fav/ Unfav	Fiscal 2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 16,762	\$ 17,491	\$ (729)	\$ 16,979	\$ 78,195	\$ 79,616	\$ (1,421)	\$ 77,452
Transportation	3,389	3,781	(392)	3,393	16,226	16,039	187	16,305
Other revenue	180	521	(341)	678	637	2,165	(1,528)	2,708
<b>Total Contribution Margin</b>	20,331	21,793	(1,462)	21,050	95,058	97,820	(2,762)	96,465
<b>Operating expenses:</b>								
Direct BU O&M	2,717	2,849	132	2,254	13,958	15,456	1,498	15,107
Direct SSU Charges	418	320	(98)	380	2,005	1,697	(308)	1,821
SSU Allocations	1,160	1,401	241	1,236	6,222	7,224	1,002	6,664
Provision for bad debts	259	154	(105)	151	1,020	704	(316)	693
<b>Total O&amp;M expense</b>	4,554	4,724	170	4,021	23,205	25,081	1,876	24,285
Depreciation & amortization	3,256	3,290	34	3,137	16,253	16,423	170	15,635
Taxes, other than income	1,641	1,652	11	1,563	7,513	7,559	46	7,746
<b>Total operating expenses</b>	9,451	9,666	215	8,721	46,971	49,063	2,092	47,666
<b>Operating income</b>	10,880	12,127	(1,247)	12,329	48,087	48,757	(670)	48,799
<b>Other income (expense):</b>								
Interest, net	1,357	1,451	94	1,408	7,029	7,526	497	7,158
Miscellaneous income (expense), net	(539)	(446)	93	(561)	(2,508)	(1,994)	514	(2,348)
<b>Total other income (expense)</b>	818	1,005	187	847	4,521	5,532	1,011	4,810
<b>Income (loss) before income taxes</b>	10,062	11,122	(1,060)	11,482	43,566	43,225	341	43,989
Provision/(Benefit) for income taxes	2,485	2,184	301	2,396	9,840	8,447	1,393	9,378
<b>Net income (loss)</b>	<b>\$ 7,577</b>	<b>\$ 8,938</b>	<b>\$ (1,361)</b>	<b>\$ 9,086</b>	<b>\$ 33,726</b>	<b>\$ 34,778</b>	<b>\$ (1,052)</b>	<b>\$ 34,611</b>

<b>Volumes (Mmcf) :</b>								
Residential	17,956	17,081	875	15,542	56,038	55,788	250	53,988
Commercial	8,425	8,675	(250)	8,074	29,132	30,951	(1,819)	30,603
Industrial	488	493	(5)	457	2,149	1,822	327	2,020
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	2,586	(2,681)	5,267	(2,314)	12,456	7,956	4,500	9,148
<b>Total Gas Distribution volumes</b>	29,455	23,568	5,887	21,759	99,775	96,517	3,258	95,759
<b>Transportation volumes</b>	4,673	5,653	(980)	5,290	24,139	23,462	677	25,304
<b>Total Throughput</b>	<b>34,128</b>	<b>29,221</b>	<b>4,907</b>	<b>27,049</b>	<b>123,914</b>	<b>119,979</b>	<b>3,935</b>	<b>121,063</b>





**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States Division**  
For the Year Ended March 31, 2021

Financial Results in \$MM's	QTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 25.7	\$ 25.5	\$ 0.2	0.8%	●	\$ 42.2	\$ 41.3	\$ 0.9	2.2%	●
Contribution Margin	62.5	64.9	(2.4)	(3.7%)	●	113.9	117.6	(3.7)	(3.1%)	●
O&M - Direct BU	8.3	9.1	0.8	8.8%	●	16.9	18.7	1.8	9.6%	●
Cap Rate	58.0%	57.6%	0.4%		●	58.4%	57.0%	1.4%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 25.2	\$ 29.7	\$ (4.5)	(15.2%)	●	\$ 54.4	\$ 60.3	\$ (5.9)	(9.8%)	●
Project Closings	\$ 27.2	\$ 27.1	\$ 0.1	0.4%	●	\$ 48.6	\$ 46.6	\$ 2.0	4.3%	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	FY2020	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	358	356	2	0.6%	●	352	6	1.7%
Employee Headcount <sup>(2)</sup>	359	382	(23)	-6.0%	●	380	(21)	-5.5%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 94.5	\$ 102.9	\$ (8.4)	-8.1%	●	\$ 112.1	\$ (17.6)	-15.7%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 94.3	\$ 95.9	\$ (1.6)	-1.7%	●	\$ 103.9	\$ (9.6)	-9.2%	●

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

(2) Employee headcount is as of period end.

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



**Atmos Energy Corporation**  
**Distribution Operations**  
**Financial Results and Statistical Highlights**  
**KY/Mid-States Division**  
For the Year Ended March 31, 2021

**Quarter-to-Date**

**Margins:** Similar to FY20, COVID continues to impact revenues received from forfeited discounts and miscellaneous service revenues to the tune of (\$1,010k) in the second quarter. KY PRP rate adjustment impact is (\$389k) for the quarter. TN Rate filing had an impact of (\$582k).

**O&M:** O&M for the quarter was \$764k favorable to budget. Labor was favorable \$79k due mainly to less overtime to budget \$68k. Benefits were favorable \$141k due to normal variance and impact of exceeding cap rates. Employee travel was favorable \$416k due to the impact of COVID-19 travel policies. Outside services were favorable \$110k due to timing of contractor spending and legal. Employee Welfare was unfavorable (\$102k) due to MIP/VPP. Vehicles were favorable \$134k due to unbudgeted sale proceeds from leased vehicles and lower lease/expense costs.

**Capital:** The functional budget (growth, non-growth, and leak) is developed based on history and then adjusted accordingly by Operations and Engineering for all 3 states. However, the budgeted bucket of dollars are even spread over 12 months during budget entry due to difficulty of predicting exact monthly timing. The functionals account for \$2,678k of the under spend for QTD March. (KY - \$1,185k, TN - \$1,170k, VA - \$324k)

**KY:**  
KY Bare Steel replacement (PRP) (\$-109k): Bad weather is/was primary driver. Contractor crews are focusing on concrete repair, and will tackle asphalt as soon as the plants open (shut down for winter). Engineers/project specialists have reached out to our contractors to urge them to work at least 50 hours per week, as the weather has improved.

**VA:**  
VA Non-Save (-\$488k): Primary driver is Volvo relocation project (-\$219k). We had been waiting to hear back from Volvo's engineer on the proposed path and for them to begin their part of opening the trench and building up the shoulder. Per Chris Cross at Martin Contracting, worked began the week of January 4th.

VA SAVE \$260k: Construction began two months earlier than expected on the Glade Spring, VA purchase station replacement project +\$159k.

**TN:**  
Driver is growth main installation timing in middle Tennessee (-872k). The middle Tennessee growth budget was developed based on history as well as known upcoming developments. However, the budgeted bucket of dollars is even spread over 12 months during budget entry due to difficulty of predicting developer timing. In the current forecast, we have transitioned some of the YTD underspend to a replacement project in Bristol, TN and a reinforcement project in Franklin, TN.

**Year-to-Date**

**Margins:** Similar to FY20, COVID continues to impact revenues received from forfeited discounts and miscellaneous service revenues to the tune of (\$1,850k) YTD March. KY PRP rate adjustment impact is (\$1,440k) YTD March.

**O&M:** O&M YTD was \$1,838k favorable to budget. Labor was favorable \$369k due to less overtime to budget \$124k and better to budget cap rates 1.5%. Benefits were favorable \$403k due to normal variance and impact of exceeding cap rates. Employee travel was favorable \$768k due to the impact of COVID-19 travel policies. Outside services were unfavorable (\$253k) due mainly to September TN line locates being booked in October. Materials/supplies was favorable \$137k due to timing. Vehicles were favorable \$295k due to unbudgeted sale proceeds from leased vehicles and lower lease/expense costs. IT was favorable \$48k due to lower IT equipment and software maintenance spend.

**Capital:** The functional budget (growth, non-growth, and leak) is developed based on history and then adjusted accordingly by Operations and Engineering for all 3 states. However, the budgeted bucket of dollars are even spread over 12 months during budget entry due to difficulty of predicting exact monthly timing. The functionals account for \$3,051k of the under spend for YTD March. (KY - \$1,549k, TN - \$913k, VA - \$589k)

**KY:**  
KY Bare Steel replacement (PRP) (\$-521k): Bad weather is/was primary driver. Contractor crews are focusing on concrete repair, and will tackle asphalt as soon as the plants open (shut down for winter). Engineers/project specialists have reached out to our contractors to urge them to work at least 50 hours per week, as the weather has improved.

**VA:**  
VA Non-Save (-\$825k): Primary driver is Volvo relocation project (-\$219k). We had been waiting to hear back from Volvo's engineer on the proposed path and for them to begin their part of opening the trench and building up the shoulder. Per Chris Cross at Martin Contracting, worked began the week of January 4th.  
VA SAVE \$367k: Construction began two months earlier than expected on the Glade Spring, VA purchase station replacement project +\$159k.

**TN:**  
Driver is growth main installation timing in middle Tennessee (-1,701k). The middle Tennessee growth budget was developed based on history as well as known upcoming developments. However, the budgeted bucket of dollars is even spread over 12 months during budget entry due to difficulty of predicting developer timing. In the current forecast, we have transitioned some of the YTD underspend to a replacement project in Bristol, TN and a reinforcement project in Franklin, TN.



**Atmos Energy Corporation**  
**Distribution Operations**  
**Income Statement - Comparative**  
**KY/Mid-States Division**  
For the Year Ended March 31, 2021

<i>in \$thousands</i>	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2020	Actual	Budget	Fav/ Unfav	FY2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 51,885	\$ 53,000	\$ (1,115)	\$ 51,612	\$ 93,807	\$ 95,659	\$ (1,852)	\$ 92,492
Transportation	10,079	10,421	(342)	10,045	19,302	19,302	0	19,432
Other revenue	513	1,522	(1,009)	1,714	786	2,636	(1,850)	3,019
<b>Total Contribution Margin</b>	<b>62,477</b>	<b>64,943</b>	<b>(2,466)</b>	<b>63,371</b>	<b>113,895</b>	<b>117,597</b>	<b>(3,702)</b>	<b>114,943</b>
<b>Operating expenses:</b>								
Direct BU O&M	8,323	9,087	764	8,778	16,860	18,699	1,839	18,194
Direct SSU Charges	1,407	1,148	(259)	1,331	2,536	2,102	(434)	2,327
SSU Allocations	4,077	4,442	365	4,098	7,866	8,846	980	8,167
Provision for bad debts	882	466	(416)	459	1,409	845	(564)	827
<b>Total O&amp;M expense</b>	<b>14,689</b>	<b>15,143</b>	<b>454</b>	<b>14,666</b>	<b>28,671</b>	<b>30,492</b>	<b>1,821</b>	<b>29,515</b>
Depreciation & amortization	9,780	9,870	90	9,323	19,519	19,717	198	18,687
Taxes, other than income	5,172	5,158	(14)	5,386	9,225	9,353	128	9,903
<b>Total operating expenses</b>	<b>29,641</b>	<b>30,171</b>	<b>530</b>	<b>29,375</b>	<b>57,415</b>	<b>59,562</b>	<b>2,147</b>	<b>58,105</b>
<b>Operating income</b>	<b>32,836</b>	<b>34,772</b>	<b>(1,936)</b>	<b>33,996</b>	<b>56,480</b>	<b>58,035</b>	<b>(1,555)</b>	<b>56,838</b>
<b>Other income (expense):</b>								
Interest, net	4,193	4,379	186	4,252	8,497	8,986	489	8,598
Miscellaneous income (expense), net	(1,515)	(1,314)	201	(1,338)	(2,862)	(2,352)	510	(2,702)
<b>Total other income (expense)</b>	<b>2,678</b>	<b>3,065</b>	<b>387</b>	<b>2,914</b>	<b>5,635</b>	<b>6,634</b>	<b>999</b>	<b>5,896</b>
<b>Income (loss) before income taxes</b>	<b>30,158</b>	<b>31,707</b>	<b>(1,549)</b>	<b>31,082</b>	<b>50,845</b>	<b>51,401</b>	<b>(556)</b>	<b>50,942</b>
Provision/(Benefit) for income taxes	4,475	6,244	1,769	6,323	8,663	10,058	1,395	10,665
<b>Net income (loss)</b>	<b>\$ 25,683</b>	<b>\$ 25,463</b>	<b>\$ 220</b>	<b>\$ 24,759</b>	<b>\$ 42,182</b>	<b>\$ 41,343</b>	<b>\$ 839</b>	<b>\$ 40,277</b>

<b>Volumes (Mmcf) :</b>								
Residential	52,432	48,024	4,408	41,624	72,408	67,572	4,836	64,883
Commercial	25,446	24,954	492	22,648	37,300	37,912	(612)	37,252
Industrial	1,397	1,321	76	1,254	2,550	2,210	340	2,378
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(3,495)	(5,388)	1,893	(6,421)	6,500	6,460	40	4,886
<b>Total Gas Distribution volumes</b>	<b>75,780</b>	<b>68,911</b>	<b>6,869</b>	<b>59,105</b>	<b>118,758</b>	<b>114,154</b>	<b>4,604</b>	<b>109,399</b>
<b>Transportation volumes</b>	<b>14,928</b>	<b>15,740</b>	<b>(812)</b>	<b>15,020</b>	<b>28,867</b>	<b>28,466</b>	<b>401</b>	<b>29,860</b>
<b>Total Throughput</b>	<b>90,708</b>	<b>84,651</b>	<b>6,057</b>	<b>74,125</b>	<b>147,625</b>	<b>142,620</b>	<b>5,005</b>	<b>139,259</b>



# Atmos Energy Corporation

## Distribution Operations

### Financial Results and Statistical Highlights

#### KY/Mid-States

For the Period Ended April 30, 2021

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 4.5	\$ 4.8	\$ (0.3)	(6.3%)	●	\$ 46.6	\$ 46.1	\$ 0.5	1.1%	●
Contribution Margin	16.6	17.2	(0.6)	(3.5%)	●	130.5	134.8	(4.3)	(3.2%)	●
O&M - Direct BU	2.9	3.2	0.3	9.4%	●	19.7	21.9	2.2	10.0%	●
Cap Rate	59.2%	56.9%	2.3%		●	58.5%	57.0%	1.5%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 10.4	\$ 10.1	\$ 0.3	3.0%	●	\$ 64.8	\$ 70.5	\$ (5.7)	(8.1%)	●
Project Closings	\$ 9.3	\$ 12.4	\$ (3.1)	(25.0%)	●	\$ 57.9	\$ 59.0	\$ (1.1)	(1.9%)	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%		Fiscal 2020	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	358	356	2	0.6%	●	352	6	1.7%
Employee Headcount <sup>(2)</sup>	360	383	(23)	-6.0%	●	376	(16)	-4.3%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 110.1	\$ 103.1	\$ 6.9	6.7%	●	\$ 122.6	\$ (12.5)	-10.2%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 109.5	\$ 95.9	\$ 13.6	14.2%	●	\$ 114.8	\$ (5.3)	-4.6%	●

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

(2) Employee headcount is as of period end.

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



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended April 30, 2021

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	Fiscal 2020	Actual	Budget	Fav/ Unfav	Fiscal 2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 11,963	\$ 11,681	\$ 282	\$ 11,401	\$ 105,770	\$ 107,340	\$ (1,570)	\$ 103,894
Transportation	4,539	5,176	(637)	4,078	23,841	24,478	(637)	23,510
Other revenue	92	391	(299)	215	879	3,028	(2,149)	3,233
<b>Total Contribution Margin</b>	16,594	17,248	(654)	15,694	130,490	134,846	(4,356)	130,637
<b>Operating expenses:</b>								
Direct BU O&M	2,858	3,202	344	2,236	19,717	21,900	2,183	20,430
Direct SSU Charges	514	361	(153)	421	3,051	2,463	(588)	2,749
SSU Allocations	1,287	1,439	152	1,217	9,153	10,285	1,132	9,384
Provision for bad debts	649	103	(546)	102	2,058	948	(1,110)	930
<b>Total O&amp;M expense</b>	5,308	5,105	(203)	3,976	33,979	35,596	1,617	33,493
Depreciation & amortization	3,274	3,305	31	3,164	22,793	23,021	228	21,851
Taxes, other than income	1,579	1,611	32	1,504	10,804	10,965	161	11,407
<b>Total operating expenses</b>	10,161	10,021	(140)	8,644	67,576	69,582	2,006	66,751
<b>Operating income</b>	6,433	7,227	(794)	7,050	62,914	65,264	(2,350)	63,886
<b>Other income (expense):</b>								
Interest, net	1,484	1,389	(95)	1,499	9,981	10,375	394	10,096
Miscellaneous income (expense), net	(527)	(319)	208	(645)	(3,389)	(2,671)	718	(3,346)
<b>Total other income (expense)</b>	957	1,070	113	854	6,592	7,704	1,112	6,750
<b>Income (loss) before income taxes</b>	5,476	6,157	(681)	6,196	56,322	57,560	(1,238)	57,136
Provision/(Benefit) for income taxes	1,014	1,397	(383)	1,283	9,678	11,457	(1,779)	11,948
<b>Net income (loss)</b>	<b>\$ 4,462</b>	<b>\$ 4,760</b>	<b>\$ (298)</b>	<b>\$ 4,913</b>	<b>\$ 46,644</b>	<b>\$ 46,103</b>	<b>\$ 541</b>	<b>\$ 45,188</b>

<b>Volumes (Mmcf) :</b>								
Residential	5,881	6,341	(460)	6,193	78,289	73,913	4,376	71,076
Commercial	4,628	4,611	17	4,623	41,927	42,523	(596)	41,875
Industrial	347	353	(6)	333	2,897	2,563	334	2,711
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(1,973)	(4,898)	2,925	(3,208)	4,527	1,562	2,965	1,678
<b>Total Gas Distribution volumes</b>	8,883	6,407	2,476	7,941	127,640	120,561	7,079	117,340
<b>Transportation volumes</b>	4,285	4,861	(576)	3,924	33,153	33,326	(173)	33,785
<b>Total Throughput</b>	<b>13,168</b>	<b>11,268</b>	<b>1,900</b>	<b>11,865</b>	<b>160,793</b>	<b>153,887</b>	<b>6,906</b>	<b>151,125</b>



**Atmos Energy Corporation**  
Distribution Operations  
Financial Results and Statistical Highlights  
**KY/Mid-States**  
For the Period Ended May 31, 2021

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%	—	Actual	Budget	Fav/ Unfav	%	—
Net Income	\$ 1.3	\$ 1.4	\$ (0.1)	(7.1%)	●	\$ 48.0	\$ 47.5	\$ 0.5	1.1%	●
Contribution Margin	12.1	12.9	(0.8)	(6.2%)	●	142.6	147.7	(5.1)	(3.5%)	●
O&M - Direct BU	2.8	3.3	0.5	15.2%	●	22.6	25.2	2.6	10.3%	●
Cap Rate	58.7%	56.8%	1.9%		●	58.6%	57.0%	1.6%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 10.0	\$ 9.8	\$ 0.2	2.0%	●	\$ 74.8	\$ 80.3	\$ (5.5)	(6.8%)	●
Project Closings	\$ 6.9	\$ 10.4	\$ (3.5)	(33.7%)	●	\$ 64.8	\$ 69.3	\$ (4.5)	(6.5%)	●

Statistical Information and Indicators <i>(in thousands except Headcount)</i>	Act	Bud	Inc/Dec	%	—	Fiscal 2020	Inc/Dec	%	—
	Customer Base Charge <sup>(1)</sup>	358	356	2	0.6%	●	352	6	1.7%
Employee Headcount <sup>(2)</sup>	360	383	(23)	-6.0%	●	373	(13)	-3.5%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 110.2	\$ 104.0	\$ 6.2	6.0%	●	\$ 121.7	\$ (11.5)	-9.5%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 109.6	\$ 96.6	\$ 12.9	13.4%	●	\$ 114.8	\$ (5.3)	-4.6%	●

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

(2) Employee headcount is as of period end.

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



# Atmos Energy Corporation

## Distribution Operations

### Income Statement - Comparative

#### KY/Mid-States

For the Period Ended May 31, 2021

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	Fiscal 2020	Actual	Budget	Fav/ Unfav	Fiscal 2020
<b>Contribution Margin:</b>								
Delivered gas	\$ 8,626	\$ 9,674	\$ (1,048)	\$ 9,059	\$ 114,396	\$ 117,014	\$ (2,618)	\$ 112,952
Transportation	2,570	2,921	(351)	2,442	26,411	27,399	(988)	25,952
Other revenue	873	279	594	487	1,752	3,307	(1,555)	3,721
<b>Total Contribution Margin</b>	12,069	12,874	(805)	11,988	142,559	147,720	(5,161)	142,625
<b>Operating expenses:</b>								
Direct BU O&M	2,841	3,319	478	2,826	22,558	25,220	2,662	23,257
Direct SSU Charges	361	324	(37)	346	3,412	2,787	(625)	3,094
SSU Allocations	1,571	1,715	144	1,753	10,724	12,000	1,276	11,138
Provision for bad debts	426	86	(340)	81	2,484	1,034	(1,450)	1,011
<b>Total O&amp;M expense</b>	5,199	5,444	245	5,006	39,178	41,041	1,863	38,500
Depreciation & amortization	3,283	3,317	34	3,173	26,077	26,338	261	25,024
Taxes, other than income	1,558	1,575	17	1,493	12,361	12,540	179	12,900
<b>Total operating expenses</b>	10,040	10,336	296	9,672	77,616	79,919	2,303	76,424
<b>Operating income</b>	2,029	2,538	(509)	2,316	64,943	67,801	(2,858)	66,201
<b>Other income (expense):</b>								
Interest, net	1,441	1,378	(63)	1,504	11,422	11,753	331	11,600
Miscellaneous income (expense), net	(495)	(497)	(2)	(439)	(3,884)	(3,168)	716	(3,785)
<b>Total other income (expense)</b>	946	881	(65)	1,065	7,538	8,585	1,047	7,815
<b>Income (loss) before income taxes</b>	1,083	1,657	(574)	1,251	57,405	59,216	(1,811)	58,386
Provision/(Benefit) for income taxes	(237)	289	(526)	259	9,441	11,745	(2,304)	12,207
<b>Net income (loss)</b>	<b>\$ 1,320</b>	<b>\$ 1,368</b>	<b>\$ (48)</b>	<b>\$ 992</b>	<b>\$ 47,964</b>	<b>\$ 47,471</b>	<b>\$ 493</b>	<b>\$ 46,179</b>

<b>Volumes (Mmcf) :</b>								
Residential	3,620	3,059	561	3,608	81,910	76,972	4,938	74,684
Commercial	3,481	3,141	340	3,031	45,409	45,664	(255)	44,907
Industrial	319	292	27	295	3,216	2,855	361	3,006
Irrigation	-	-	0	-	-	-	0	-
Public Authorities	-	-	0	-	-	-	0	-
Unbilled	(4,294)	(1,314)	(2,980)	(1,723)	233	248	(15)	(45)
<b>Total Gas Distribution volumes</b>	3,126	5,178	(2,052)	5,211	130,768	125,739	5,029	122,552
<b>Transportation volumes</b>	4,010	4,309	(299)	3,718	37,163	37,636	(473)	37,502
<b>Total Throughput</b>	<b>7,136</b>	<b>9,487</b>	<b>(2,351)</b>	<b>8,929</b>	<b>167,931</b>	<b>163,375</b>	<b>4,556</b>	<b>160,054</b>

**Case No. 2021-00214**  
**Atmos Energy Corporation, Kentucky Division**  
**MFR FR 16(8)(n)**  
**Page 1 of 1**

**REQUEST:**

Section 16. Applications for General Adjustments of Existing Rates.

- (8) Each application seeking a general adjustment in rates supported by a forecasted test period shall include:
  - (n) A typical bill comparison under present and proposed rates for all customer classes.

**SUPPLEMENTAL RESPONSE:**

Please see supplemental attachment FR\_16(8)(n)\_Att1 for the updated bill comparison.

**ATTACHMENT:**

ATTACHMENT 1 - FR\_16(8)(n)\_Att1\_Suppl - Bill Comparison Updated.xls, 2 Pages.

Respondent: Brannon Taylor



**Deficiency Item 2 Attachment**

FR 16(8)(n)

Atmos Energy Corporation

Case No. 2021-00214

**TYPICAL BILL COMPARISON UNDER PRESENT  
AND PROPOSED RATES FOR ALL CUSTOMER CLASSES**

Line No.	Description	Average Monthly Usage, Mcf (1)	Average Bill (2) Under Present Rates	Average Bill (2) Under Proposed Rates	Increase / Decrease
		(a)	(b)	(c)	(d)
1	G-1 Firm Services - Residential	5.2	\$ 51.50	\$ 56.49	\$ 4.99
2	G-1 Firm Services - Non-Residential	27.5	219.25	236.22	16.97
3	G-2 Interruptible Sales	2,745.0	11,661.47	12,153.27	491.80
4	T-4 Firm Transportation	5,162.1	5,820.13	6,802.11	981.98
5	T-3 Interruptible Transportation	9,956.8	9,230.13	10,882.34	1,652.22

(1) Based on total annual Mcf requirements by class, divided by average number of customers, as projected for the test year ending December 31, 2022.

(2) The basis for gas costs in both present and proposed rates is based on the Company's Gas Cost Adjustment for May 2021, approved by the Commission in Case 2021-00142.

The impact on each customer's average bill will vary according to individual consumption and service type.

FR 16(8)(n)

Atmos Energy Corporation  
Case No. 2021-00214  
TYPICAL BILL COMPARISON UNDER PRESENT  
AND PROPOSED RATES FOR ALL CUSTOMER CLASSES

Line No.	Description	Average Monthly Usage, Mcf (1)	Average Bill (2) Under Present Rates	Average Bill (2) Under Proposed Rates	Increase / Decrease
		(a)	(b)	(c)	(d)
1	Residential	5.2	\$51.90	\$56.89	\$4.99
2					
3	Commercial / Public Autho	25.2	\$206.35	\$222.52	\$16.17
4					
5	Industrial/Transportation	6243.0	\$4,481.09	\$5,032.70	\$551.61
6					
7					

- (1) Based on total annual Mcf requirements by class, divided by average number of customers, as projected for the test year ending December 31, 2022.
- (2) The basis for gas costs in both present and proposed rates is based on the Company's Gas Cost Adjustment for May 2021, approved by the Commission in Case 2021-00142.

The impact on each customer's average bill will vary according to individual consumption and service type. The above calculations relate to firm sales service customers (G-1).

**Case No. 2021-00214**  
**Atmos Energy Corporation, Kentucky Division**  
**MFR FR 17(4)(a)-(j)**  
**Page 1 of 2**

**REQUEST:**

Section 17. Notice of General Rate Adjustment. Upon filing an application for a general rate adjustment, a utility shall provide notice as established in this section.

- (4) Notice Content. Each notice issued in accordance with this section shall contain:
- (a) The proposed effective date and the date the proposed rates are expected to be filed with the commission;
  - (b) The present rates and proposed rates for each customer classification to which the proposed rates will apply;
  - (c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;
  - (d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service;
  - (e) A statement that a person may examine this application at the offices of (utility name) located at (utility address);
  - (f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>;
  - (g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;
  - (h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;
  - (i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and
  - (j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.

**Case No. 2021-00214**  
**Atmos Energy Corporation, Kentucky Division**  
**MFR FR 17(4)(a)-(j)**  
**Page 2 of 2**

**SUPPLEMENTAL RESPONSE:**

Please see supplemental attachment FR\_17(4)(a)-(j)\_Att1 for the updated public notice.

**ATTACHMENT:**

ATTACHMENT 1 - FR\_17(4)(a)-(j)\_Att1\_Suppl - 2021 Public Notice Final Updated.pdf, 5 Pages.

Respondent: Brannon Taylor

## **NOTICE OF PROPOSED CHANGES IN GAS TARIFFS WHICH WILL RESULT IN INCREASED CHARGES**

Notice is hereby given that Atmos Energy Corporation ("Atmos Energy" or "Company"), a public utility furnishing natural gas service within the Commonwealth of Kentucky, on or about the 30<sup>th</sup> day of June, 2021 pursuant to Kentucky Revised Statute 278.180 and the Rules of the Public Service Commission of Kentucky respecting tariffs filed its notice with the Kentucky Public Service Commission ("KPSC"), proposing to change its gas rates effective July 30, 2021 in Case No. 2021-00214. Atmos Energy is also proposing to make the following changes to its existing tariffs:

- The revision of the Rate Book Index on Sheet Nos. 1 and 2 to reflect the changes described below. There is no revenue impact associated with this change.
- The removal of the word "experimental" from the Company's PBR mechanism from Sheet Nos. 2 and 18. There is no revenue impact associated with this change.
- The removal of parking service and references to parking service from the Company's Tariff on Sheet Nos. 47, 48, 54, 55, and 60. This tariff modification would affect customers under Company's Rate Schedules T-3 and T-4.
- The replacement of the Natural Gas Weekly pricing index with the use of the highest and lowest Gas Daily weekly average pricing index for imbalance pricing calculations on Sheets Nos. 48 and 55. This tariff modification would affect customers under Company's Rate Schedules T-3 and T-4.
- The following changes on Sheet No. 87 to the Priorities of Curtailment: (1) Combine all Commercial service under Rate G-1 into Priority Level 2; (2) Combine Industrial service under Rate G-1 and Rate T-4 Service to new Priority Level 3; (3) Combine service under Rate G-2 Service and Rate T-3 Service to new Priority Level 4; and (4) Make Flex Sales Transactions new Priority Level 5.
- Create the ability to issue Operational Flow Orders to transportation customers on Sheet Nos. 88A and 88B. This tariff modification would affect customers under Company's Rate Schedules T-3 and T-4 and would require actions by Customers to alleviate conditions that, in the sole judgment of Company, jeopardize the operational integrity of Company's system.
- Modification of the Company's Pipeline Replacement Program (PRP) tariff to permit inclusion of Aldyl-A pipe on Sheet No. 38. This tariff modification would amend the PRP applicable under the Company's Rate Schedules G-1, G-2, T-3, and T-4.
- Proposal of the Tax Act Adjustment Factor ("TAAF") on Sheet No. 42 to be utilized to implement the effects of future changes of the Federal and/or state income tax rates on the most recently approved base rates, which could be a collection from customers or a pass back to customers. The Tariff will be set at zero until the effective date of a new a Federal and/or state income tax rate and approval by the Commission of a TAAF rate. This tariff modification would be applicable under the Company's Rate Schedules G-1, G-2, T-3 and T-4. Any future adjustments to the TAAF rate would require Kentucky Public Service Commission approval.

The present and proposed rates charged in all territory served by Atmos Energy are as follows:

Rate Classifications	Present Rates <sup>2</sup>		Proposed Rates		Rate Change \$/% Increase / (Decrease)	
	Charge	Unit	Charge	Unit	Change	Change
<b>Rate G-1, General Sales Service</b>						
<u>Residential Service</u>						
Monthly Base Charge:	\$20.68	Per meter	\$24.40	Per meter	\$3.72	18.0%
Commodity Charge:						
First 300 Mcf or less per month	\$5.9272	Per Mcf <sup>1</sup>	\$6.1717	Per Mcf	\$0.2445	4.1%
Next 14,700 Mcf per month	\$5.4995	Per Mcf	\$5.6719	Per Mcf	\$0.1724	3.1%
Over 15,000 Mcf per month	\$5.3068	Per Mcf	\$5.4445	Per Mcf	\$0.1377	2.6%
Minimum Charge: The Base Charge						
<u>Non-Residential Service</u>						
Monthly Base Charge:	\$56.25	Per meter	\$66.50	Per meter	\$10.25	18.2%
Commodity Charge:						
First 300 Mcf or less per month	\$5.9272	Per Mcf <sup>1</sup>	\$6.1717	Per Mcf <sup>1</sup>	\$0.2445	4.1%
Next 14,700 Mcf per month	\$5.4995	Per Mcf	\$5.6719	Per Mcf	\$0.1724	3.1%
Over 15,000 Mcf per month	\$5.3068	Per Mcf	\$5.4445	Per Mcf	\$0.1377	2.6%
Minimum Charge: The Base Charge						
<b>Rate G-2, Interruptible Sales Service</b>						
Monthly Base Charge:	\$455.56	Per delivery point	\$540.00	Per delivery point	\$84.44	18.5%
Commodity Charge:						
First 15,000 Mcf or less per month	\$4.0823	Per Mcf	\$4.42307	Per Mcf	\$0.1484	3.6%
Over 15,000 Mcf per month	\$3.8827	Per Mcf	\$4.0010	Per Mcf	\$0.1183	3.0%
Minimum Charge: The Base Charge plus any transportation Fee and EFM facilities charge						

**Rate T-3, Interruptible  
Transportation Service**

Transportation only service

Monthly Base Charge:

Meter Charge	\$457.97	Per meter	\$540.00	Per meter	\$82.03	17.9%
Administrative Charge	\$50.00		\$50.00		\$0.00	0.0%

Commodity Charge:

First 15,000 Mcf or less per month	\$0.8760	Per Mcf	\$1.0337	Per Mcf	\$0.1577	18.0%
Over 15,000 Mcf per month	\$0.6719	Per Mcf	\$0.7928	Per Mcf	\$0.1209	18.0%

**Rate T-4, Firm**

**Transportation Service**

Transportation only service

Monthly Base Charge:

Meter Charge	\$458.20	Per meter	\$540.00	Per meter	\$81.80	17.9%
Administrative Charge	\$50.00		\$50.00		\$0.00	0.0%

Commodity Charge:

First 300 Mcf or less per month	\$1.4508	Per Mcf	\$1.6800	Per Mcf	\$0.2292	15.8%
Next 14,700 Mcf per month	\$1.0030	Per Mcf	\$1.1740	Per Mcf	\$0.1710	17.0%
Over 15,000 Mcf per month	\$0.8012	Per Mcf	\$0.9390	Per Mcf	\$0.1378	17.2%

<sup>1</sup>Mcf = 1,000 cubic feet

<sup>2</sup> Present Rates include Pipeline  
Replacement Rider

All other charges not specifically mentioned herein shall remain the same as those presently in effect. The proposed rates will result in an overall approximate increase in the amount of \$16,389,804 or 9.4% with increases of approximately \$9,630,868 or 9.6% for G-1 residential consumers, \$3,988,218 or 7.6% for G-1 non-residential consumers, \$46,215 or 4.1% for G-2 interruptible sales consumers, \$1,345,101 or 16.9% for T-4 firm transportation consumers, and \$1,259,224 or 17.9% for T-3 interruptible transportation consumers. Charges from other gas revenue will increase approximately \$117,113 or 7.6%. The average monthly bill for G-1 residential consumers will increase approximately \$4.99 or 9.6%. The average monthly bill for G-1 non-residential consumers will increase approximately \$16.98 or 7.6%. The average monthly bill for G-2 interruptible sales consumers will increase approximately \$491.80 or 4.1%. The average monthly bill for T-4 firm transportation consumers will increase approximately \$981.98 or 16.9%.

The average monthly bill of T-3 interruptible transportation consumers will increase approximately \$1,652.22 or 17.9%%.

Customer Class	Average Monthly Usage (Mcf)	Average Monthly Bill (Present Rates)	Average Monthly Bill (Proposed Rates)	Increase in Average Monthly Bill (\$)	Increase in Average Monthly Bill (%)
G-1 Residential	5.2	\$51.50	\$56.49	\$4.99	9.7%
G-1 Non-Residential	27.5	\$219.25	\$236.22	\$16.97	7.7%
G-2 Interruptible Sales	2,745.0	\$11,661.47	\$12,153.27	\$491.80	4.2%
T-4 Firm Transportation	5,162.1	\$5,820.13	\$6,802.11	\$981.98	16.9%
T-3 Interruptible Transportation	9,956.8	\$9,230.13	\$10,882.34	\$1,652.22	17.9%

The impact on each customer's average bill will vary according to individual consumption or transportation levels. However, this impact can be determined by each customer by applying the proposed rates listed above to their respective average consumption or transportation levels.

The rates contained in this notice are the rates proposed by Atmos Energy Corporation, however, the KPSC may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for customers higher or lower than the rates included in this notice.

Atmos Energy's application for rate adjustment is available for examination at its offices listed below. Any person may obtain a copy of the application, testimony or other documents or examine the rate application and any related filings at the offices of Atmos Energy listed below or at its website [www.atmosenergy.com](http://www.atmosenergy.com) or the Commission office or its website listed below. With the current state of emergency for COVID-19, a person that wishes to examine the application and any related documents may also call Atmos Energy at 1-888-286-6700 and arrangements will be made to make a copy available for examination.

A person may also examine the application at the Public Service Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of initial publication of this Notice, it may take final action on Atmos Energy's application.



Atmos Energy Corporation  
Attention: Mr. Brannon C. Taylor  
810 Crescent Centre Dr., STE 600  
Franklin, TN 37067  
(615) 771-8330  
[brannon.taylor@atmosenergy.com](mailto:brannon.taylor@atmosenergy.com)  
[www.atmosenergy.com](http://www.atmosenergy.com)

Atmos Energy Corporation has the following local offices:

Atmos Energy  
3275 Highland Pointe Drive  
Owensboro, KY 42303

Atmos Energy  
449 Whirlaway Drive  
Danville, KY 40422

Atmos Energy  
638 W. Broadway  
Madisonville, KY 42431

Atmos Energy  
2850 Russellville Road  
Bowling Green, KY 42101

Atmos Energy  
1833 E 9<sup>th</sup> Street  
Hopkinsville, KY 42240

Atmos Energy  
108 Carroll Knicely Drive  
Glasgow, KY 42141

Atmos Energy  
3510 Coleman Road  
Paducah, KY 42001

Atmos Energy  
105 Hudson Blvd  
Shelbyville, KY 40065

Atmos Energy  
336 Commonwealth Drive  
Campbellsville, KY 42718

Atmos Energy  
307 Marion Road  
Princeton, KY 42445

Atmos Energy  
900 Commonwealth Drive  
Mayfield, KY 42066

Public Service Commission of Kentucky  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602  
(502) 564-3940  
[www.psc.ky.gov](http://www.psc.ky.gov)