

JOHN N. HUGHES
ATTORNEY AT LAW
PROFESSIONAL SERVICE CORPORATION
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

TELEPHONE: (502) 227-7270

JNHUGHES@JOHNNHUGHESPSC.COM

February 18, 2016

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

Re: Atmos Energy Corporation
Case No. 2015-00343

Dear Mr. Sir:

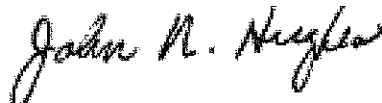
Atmos Energy Corporation submits the updated response to MFR No. 16(7)(o). I certify that the electronic documents are true and correct copies of the original documents.

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

Submitted By:

Mark R. Hutchinson
Wilson, Hutchinson and Littlepage
611 Frederica St.
Owensboro, KY 42301
270 926 5011
randy@whplawfirm.com

And



John N. Hughes
124 West Todd St.
Frankfort, KY 40601
Phone: 502 227 7270
jnhughes@johnnhughespsc.com

Attorneys for Atmos Energy Corporation

Case No. 2015-00343
Atmos Energy Corporation, Kentucky Division
Forecasted Test Period Filing Requirements
Question No. FR 16(7)(o) (Supplement 3)
Page 1 of 1

SUPPLEMENTAL RESPONSE (2/18/2016)

REQUEST:

Section 16. Applications for General Adjustments of Existing Rates.

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

SUPPLEMENTAL RESPONSE:

Please see supplemental attachment FR_16(7)(o)_Att1 for the monthly report for January 2016. Beginning March 2015 the Company only provides narrative explanations for each quarter, although budget variance reports are still submitted monthly. The narrative comments are only required quarterly now as a result of management's discussion in reviewing the financial information published internally. The purpose is to provide the information in a more efficient and effective manner.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, FR_16(7)(o)_Att1_Suppl3 - Budget Variance Report Jan'16.pdf, 2 Pages.

Respondent: Greg Waller



Atmos Energy Corporation
Regulated Distribution Operations
Financial Results and Statistical Highlights

KY/Mid-States
For the Period Ended January 31, 2016

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 7.0	\$ 6.8	\$ 0.2	2.9%	●	\$ 16.5	\$ 16.2	\$ 0.3	1.9%	●
Gross Profit	21.1	21.0	0.1	0.5%	●	64.6	65.0	(0.4)	(0.6%)	●
O&M - Direct BU	2.5	2.6	0.1	3.8%	●	10.6	10.7	0.1	0.9%	●
Cap Rate	56.1%	56.2%	(0.1%)		●	57.0%	56.3%	0.7%		●
Capital Spending Activities										
Capital Spending	\$ 6.7	\$ 7.2	\$ (0.5)	(6.9%)	●	\$ 32.4	\$ 33.9	\$ (1.5)	(4.4%)	●
Project Closings	\$ 3.1	\$ 9.2	\$ (6.1)	(66.3%)	●	\$ 18.7	\$ 37.7	\$ (19.0)	(50.4%)	●

Statistical Information and Indicators (in thousands except Headcount)	Act	Bud	Inc/Dec	%		FY2015	Inc/Dec	%	
	Customer Base Charge ⁽¹⁾	335	332	3	0.9%	●	333	2	0.6%
Employee Headcount ⁽²⁾	397	400	(3)	-0.8%	●	Sep-15 392	5	1.3%	●
Direct O&M ⁽³⁾ per Customer Base Charge	\$ 86.3	\$ 96.1	\$ (9.8)	-10.2%	●	\$ 105.1	\$ (18.8)	-17.9%	●
Direct O&M ⁽³⁾ per Headcount	\$ 72.8	\$ 79.7	\$ (6.9)	-8.7%	●	\$ 89.3	\$ (16.4)	-18.4%	●

(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
December 31, 2015	\$ 288.1	\$ 247.9	\$ 41.3
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9



Atmos Energy Corporation
Regulated Distribution Operations
Income Statement - Comparative
KY/Mid-States
For the Period Ended January 31, 2016

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2015	Actual	Budget	Fav/ Unfav	FY2015
Gross profit:								
Delivered gas	\$ 17,809	\$ 17,898	\$ (89)	\$ 17,380	\$ 53,271	\$ 54,166	\$ (895)	\$ 53,110
Transportation	3,052	2,689	363	3,017	10,186	9,586	600	10,094
Other revenue	285	376	(91)	414	1,135	1,278	(143)	1,431
Total gross profit	21,146	20,963	183	20,811	64,592	65,030	(438)	64,635
Operating expenses:								
Direct BU O&M	2,531	2,617	86	4,237	10,584	10,676	92	12,686
Direct SSU Charges	268	346	78	338	1,127	1,280	153	1,256
SSU Allocations	1,453	1,231	(222)	1,560	4,960	5,228	268	5,124
Provision for bad debts	87	87	0	85	262	265	3	260
Total O&M expense	4,339	4,281	(58)	6,220	16,933	17,449	516	19,326
Depreciation & amortization	2,713	2,810	97	2,592	10,900	11,150	250	10,317
Taxes, other than income	1,399	1,405	6	1,288	5,147	5,126	(21)	4,485
Total operating expenses	8,451	8,496	45	10,100	32,980	33,725	745	34,128
Operating income	12,695	12,467	228	10,711	31,612	31,305	307	30,507
Other income (expense):								
Interest, net	1,167	1,221	54	1,123	4,654	4,775	121	4,515
Miscellaneous income (expense), net	(111)	(91)	20	(86)	(325)	(401)	(76)	31
Total other income (expense)	1,056	1,130	74	1,037	4,329	4,374	45	4,546
Income (loss) before income taxes	11,639	11,337	302	9,674	27,283	26,931	352	25,961
Provision/(Benefit) for income taxes	4,612	4,517	(95)	3,905	10,810	10,729	(81)	10,480
Net income (loss)	\$ 7,027	\$ 6,820	\$ 207	\$ 5,769	\$ 16,473	\$ 16,202	\$ 271	\$ 15,481

Volumes (Mmcf) :								
Residential	3,083	4,124	(1,041)	4,026	6,427	8,635	(2,208)	9,072
Commercial	1,771	2,326	(555)	2,282	4,087	5,320	(1,233)	5,469
Industrial	330	423	(93)	271	821	1,202	(381)	929
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	172	238	(66)	232	396	547	(151)	555
Unbilled	1,970	486	1,484	469	3,256	3,002	254	2,652
Total Gas Distribution volumes	7,326	7,597	(271)	7,280	14,987	18,706	(3,719)	18,677
Transportation volumes	4,804	4,004	800	4,531	14,646	14,888	(242)	15,452
Total Throughput	12,130	11,601	529	11,811	29,633	33,594	(3,961)	34,129