BEFORE
THE TENNESSEE REGULATORY AUTHORITY

Petition Of Atmos Energy Corporation for Approval of Adjustment of its Rates and Revised Tariff	)	Docket No. 12-00064

DIRECT TESTIMONY
of
WILLIAM H. NOVAK

ON BEHALF OF
THE CONSUMER ADVOCATE AND PROTECTION DIVISION
OF THE
TENNESSEE ATTORNEY GENERAL'S OFFICE

October 5, 2012

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ATTACHMENTS

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION FOR THE RECORD.

A1. My name is William H. Novak. My business address is 19 Morning Arbor Place, The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility consulting and expert witness services company.[1]

Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND PROFESSIONAL EXPERIENCE.

A2. A detailed description of my educational and professional background is provided in Attachment WHN-1 to my testimony. Briefly, I have both a Bachelors degree in Business Administration with a major in Accounting, and a Masters degree in Business Administration from Middle Tennessee State University. I am a Certified Management Accountant, and am also licensed to practice as a Certified Public Accountant.

My work experience has centered on regulated utilities for over 30 years. Before establishing WHN Consulting, I was Chief of the Energy & Water Division of the Tennessee Regulatory Authority where I had either presented testimony or advised the Authority on a host of regulatory issues for over 19 years. In addition, I was previously the Director of Rates & Regulatory Analysis for two years with Atlanta Gas Light Company, a natural gas distribution utility with operations at that time in Georgia and Tennessee. I also served for two years as the Vice President of Regulatory Compliance for Sequent Energy Management, a

[1] State of Tennessee, Registered Accounting Firm ID 3682.

natural gas trading and optimization entity in Texas, where I was responsible for ensuring the firm's compliance with state and federal regulatory requirements.

Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?

A3. I am testifying on behalf of the Consumer Advocate & Protection Division ("CAPD" or "the Consumer Advocate") of the Tennessee Attorney General's Office.

Q4. HAVE YOU PRESENTED TESTIMONY IN ANY PREVIOUS ATMOS ENERGY CORPORATION RATE CASES?

A4. Yes. I've presented testimony in TRA Dockets U-82-7211, U-83-7277, U-84-7333, U-86-7442, 89-10017, 92-02987, 05-00258, and 07-00105 concerning rate cases for either Atmos Energy Corporation ("Atmos" or "the Company") or its predecessor companies as well as dockets for other generic tariff and rulemaking matters. In addition, I previously advised the TRA on issues in other Atmos dockets in cases where I did not present testimony.

Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A5. My testimony will support and address the CAPD's positions and concerns with respect to the Company's Petition. Specifically, I will address the following:

i. CAPD's proposed attrition period revenue calculations;

ii. CAPD's proposed attrition period rate base calculations; and

iii. CAPD's proposed rate design structure.

Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF YOUR TESTIMONY?

A6. I have reviewed the Company's Rate Case Application as filed on June 22, 2012, along with the testimony and exhibits presented with their filing. In addition, I have reviewed the Company's workpapers supporting their attrition period revenues and rate base. I have also reviewed the Company's responses to the relevant data requests submitted by the TRA as well the Company's responses to CAPD's discovery requests in these same areas.

Q7. WHAT TEST PERIOD AND ATTRITION PERIOD HAS THE CAPD ADOPTED FOR THIS CASE?

A7. The Company has proposed the twelve months ended March 31, 2012 as its test period with attrition adjustments through the 12 months ending November 30, 2013. Both of these review periods appear reasonable. Therefore, the CAPD has adopted both the Company's proposed test period and attrition period for this case.

Q8. WHAT IS THE CAPD'S REVENUE DEFICIENCY CALCULATION FOR THIS CASE?

A8. As shown on CAPD Exhibit, Schedule 1, the CAPD's revenue deficiency calculation required to produce the 7.72% overall return recommended by Dr. Klein is approximately $3.27 million.

I. ATTRITION PERIOD REVENUES

Q9. MR. NOVAK, PLEASE DESCRIBE THE MAJOR AREAS OF DIFFERENCE BETWEEN THE COMPANY'S AND CAPD'S CALCULATION OF ATTRITION PERIOD BILLING DETERMINANTS.

A9. The primary differences are due to different forecasts for normal weather, annualized customer usage and customer growth. As shown in detail on Attachment WHN-2, Schedule 1 and summarized below in Table 1, the CAPD first began with the Company's test period sales and transportation volumes of 19,830,447 Mcf, 1,565,870 bills and 120,000 billing demand units.[2] We then adjusted for normal weather, annualized customer usage and customer growth to arrive at attrition billing determinants of 21,365,803 Mcf, 1,580,105 bills and 120,000 billing demand units.

Table 1 – Summary of CAPD Attrition Period Billing Determinants

	Test Period	Weather Adjustment	Customer Growth	Attrition Period
Bills	1,565,870	0	14,235	1,580,105
Billing Demand	120,000	0	0	120,000
Mcf Volumes	19,830,447	1,213,854	321,502	21,365,803

[2] Billing Demand Units refers to peak day capacity subscribed to by the Company's firm industrial customers on Rate Schedule 240.

I have also included a detailed comparison with the Company's attrition period billing determinants on Attachment WHN-2, Schedule 2. This comparison is summarized below on Table 2.

Table 2 – Comparison of Company and CAPD Attrition Period Billing Determinants			
	Company	**CAPD**	**Difference**
Bills	1,574,962	1,580,105	5,143
Billing Demand	120,000	120,000	0
Mcf Volumes	21,600,766	21,365,803	-234,963

Q10. WHY IS THE CAPD'S WEATHER ADJUSTMENT DIFFERENT FROM THE COMPANY'S?

A10. Both the Company and the CAPD have used weather data from the Bristol, Knoxville, Nashville and Paducah weather stations to normalize sales data. However, the CAPD's weather adjustment is different from the Company's for four separate reasons.

First, the Company has calculated normal weather based upon the 30-year period ended December 31, 2010 whereas the CAPD has used the daily normal weather for the 30-year period ended March 31, 2012 in order to coincide with the test period. In the CAPD's opinion, it is necessary to update the normal weather data to correspond with the test period in order to have the timeliest data available in the TRA's weather normalization adjustment audit.

Next, the Company calculated its cycle degree days from the 15th of the previous month to the 14th of the current month whereas the CAPD calculated cycle degree

days from the 16th of the previous month to the 15th of the current month.[3] To the CAPD's knowledge, the TRA has always used cycle degree data ending on the 15th of the current month in its weather normalization adjustments for gas utilities. Next, the Company has proposed to change their Weather Normalization Adjustment period to begin in October of each year instead of November. The CAPD is opposed to this change, especially in light of our proposed rate design that places a larger portion of the rate increase on customer charges. We therefore urge the TRA to reject the Company's proposal for this change.

Finally, the CAPD has included the small industrial rate schedule (Rate 220I) within its commercial weather normalization where the Company has not.[4] An analysis of the usage characteristics of this rate schedule clearly indicates that it is weather dependent. As such, the CAPD would ask that the TRA include Rate Schedule 220I in its weather normalization adjustment audit.

The combination of these four changes results in the entire difference between the Company and CAPD's weather normalization adjustments. In addition, I have also prepared a weather normalization factor summary that is included on Attachment WHN-3 for WNA tracking purposes that implements the CAPD's weather normalization proposals.

Q11. HOW HAS THE CAPD ADJUSTED THE ATTRITION PERIOD BILLING DETERMINANTS FOR EXISTING CUSTOMER USAGE?

[3] Cycle degree days refers to the methodology of averaging the weather data for the current and preceeding month to better match the time period when gas was consumed by the customer.

[4] Small commercial customers (Rate Schedule 220C) and Large Commercial customers (Rate Schedule 230C) are already included in the weather normalization adjustment.

A11. The CAPD adjusted industrial customer usage by individually analyzing the sales volumes of the Company's 25 largest customers. Where we felt that it was necessary, such as a large swing in gas usage or a material tariff transfer, we adjusted the test period usage to take these changes into account. We then compared our own adjustments with those proposed by the Company. For the most part, we felt in this case that the Company had properly adjusted for any test period anomalies and tariff transfers within the industrial customer group.

Q12. HOW WERE SALES VOLUMES FOR ADDED CUSTOMERS COMPUTED?

A12. A historical average of added customers to normal plant additions was first calculated. This average was then applied to the CAPD's forecast of attrition period normal plant additions giving residential and commercial "customers to be added" during the attrition year. More simply stated though, the CAPD has increased the number of residential and commercial customers based upon an average historical ratio of customer additions to normal plant additions. These forecasted customer additions were then multiplied by an average normalized usage volume per customer giving additional attrition period sales volumes for the residential and commercial rate classes.

Q13. HOW WERE THE ATTRITION PERIOD BILLING DETERMINANTS TRANSLATED INTO REVENUES?

A13. The attrition period billing determinants as shown on Attachment WHN-2 were multiplied by the existing base tariff rates and the PGA rate based upon the Company's demand and commodity gas costs at March 2012. This gives total attrition period gas sales and transportation margin of $51,063,791 as shown on Attachment WHN-4 and summarized below in Table 3.

Table 3 – Comparison of Company and CAPD Attrition Period Gross Margin under Current Rates

	Company	CAPD	Difference
Residential (210)	$26,673,796	$26,082,150	$-591,645
Heating & Cooling (211)	725	598	-127
Small Commercial & Industrial (220)	16,656,897	16,672,111	15,214
Experimental School (221)	69,243	74,599	5,357
Public Housing (225)	136,118	134,029	-2,089
Large Commercial & Industrial (230)	366,301	351,391	-14,910
Demand/Commodity (240)	368,171	368,171	0
Interruptible (250)	568,144	568,144	0
Transportation (260)	6,235,956	6,228,516	-7,440
Special Contract/Negotiated (291)	560,261	560,261	0
Cogeneration (292)	2,006	2,005	0
Large Tonnage A/C (293)	21,755	21,755	0
Total	**$51,659,373**	**$51,063,730**	**$-595,643**

Q14. HOW DID THE CAPD COMPUTE OTHER REVENUES?

A14. Other revenues primarily consist of forfeited discounts and miscellaneous service charges. To compute these amounts, the CAPD took a historical average of these amounts over the last four years. This produced $1,453,532 in Other Revenues as shown on Attachment WHN-4.

Q15. HOW WAS THE CAPD'S COST OF GAS COMPUTED?

A15. We began with the attrition period throughput volumes and billing demand discussed above. These determinants were then priced out at the March 2012

PGA rates. This produced $68,279,615 in gas cost as shown on Attachment WHN-5.

II. ATTRITION PERIOD RATE BASE

Q16 MR. NOVAK, PLEASE EXPLAIN THE COMPONENTS THAT MAKE UP THE TEST PERIOD AND ATTRITION PERIOD RATE BASE

A16. The development of the CAPD's proposed Rate Base is shown on CAPD Exhibit, Schedules 2 and 3. This Rate Base represents the net investment upon which the Company should be allowed the opportunity to earn a fair rate of return.

Line 1, Utility Plant in Service $422,567,115. Utility Plant in Service is the largest component of rate base and represents the average amount of utility assets for the attrition year upon which the CAPD feels that the Company should be allowed the opportunity to earn a return. To compute attrition year Utility Plant in Service, the CAPD began with the test period balance for each of the Company's Tennessee allocated divisions[5] and then increased this amount by the three year average of historical normal plant additions. We then added the CAPD adjusted attrition year special projects to this amount to get our forecast of the attrition year Utility Plant in Service.[6]

In contrast, the Company has calculated attrition year Utility Plant in Service by taking the test period balance and then adding their projected capital expenditures for 2012 and 2013. The CAPD feels that this approach to forecasting Utility Plant

[5] Divisions 2, 12, 91 and 93.

[6] This review of the Company's attrition year Special Projects does attest to their prudency.

in Service is incorrect because it relies solely upon the Company's anticipated budget expenditures as opposed to the actual experience that has historically taken place.

Q17. HOW DID THE CAPD DETERMINE ITS PROJECTION FOR ATTRITION YEAR SPECIAL PROJECT ADDITIONS TO UTILITY PLANT IN SERVICE?

A17. We began with the Company's identification of attrition year Special Projects of $2,771,475 for 2012 and $13,300,000 for 2013.[7] We then reduced the 2013 Special Projects amount by $10,900,000 to $2,400,000 in order to exclude the Company's proposed expedited replacement of bare steel and transmission main replacements.[8] In the CAPD's opinion, the Company has simply not done enough to justify the inclusion of these two Special Projects in the attrition period Utility Plant in Service. Instead of the Company first investing in utility plant for these two Special Projects and then receiving a return on this investment, the Company's witness proposes that the TRA first grant rates before the two Special Projects go forward.[9] The CAPD feels that this type of speculative investment is inappropriate for setting rates and we recommend that the TRA exclude these two Special Projects from Utility Plant in Service.

[7] Company response to TRA Minimum Filing Requirement #52.
[8] CAPD Rate Base Workpaper RB-10-2.03.
[9] Direct testimony of Company witness Napier, pages 14 – 17.

Q18 WHAT ALLOCATION FACTORS DID THE CAPD USE TO PROJECT THE COMPANY'S CORPORATE AND REGIONAL UTILITY PLANT IN SERVICE?

A18. The Company has indicated that it intends to sell its gas distribution assets in Illinois, Iowa and Missouri and that this transaction is anticipated to close by the end of 2012.[10] The Company has adjusted their 2012 corporate and regional office allocation factors for the attrition period in anticipation of this pending sale.[11] As a result, the Company's corporate and regional allocation factors to Tennessee have increased from the Test Period. The CAPD has reviewed the Company's proposed attrition year allocation factors and incorporated these same factors into our calculation of Rate Base.

Q19 PLEASE CONTINUE WITH YOUR EXPLANATION OF THE REMAINING COMPONENTS OF THE CAPD'S RATE BASE CALCULATION.

A19. **Line 2, Construction Work in Progress $4,590,230.** This item represents plant currently under construction that will soon become used and useful in providing utility service to the Company's customers. To project Construction Work in Progress, the CAPD has used a historical average of the annual balances in this account for all Company divisions allocating costs to Tennessee. In contrast, the Company has calculated their attrition year Construction Work in Progress from their projected capital expenditures for 2012 and 2013. As with Utility Plant in

[10] Company Response to TRA Minimum Filing Requirement #1.
[11] Company Response to TRA Minimum Filing Requirement #57.

Service, the CAPD feels that this approach to forecasting Construction Work in Progress is incorrect because it relies solely upon the Company's anticipated budget expenditures as opposed to the actual experience that has historically taken place.

Line 3, Gas Inventory $5,841,058. This item represents the carrying value of gas in storage to serve the Company's customers. As this gas is consumed, it is charged to the customer through the Purchased Gas Adjustment. However, the carrying value of gas in storage represents an investment on which the Company should be allowed to earn a reasonable return. To compute the attrition year gas in storage, the Company has taken their anticipated withdrawals and injections from storage.[12] The CAPD has reviewed the Company's calculations for this item and finds them to be reasonable for this case.

Line 4, Materials & Supplies $8,967. This item represents the carrying value of miscellaneous materials and inventories in the Company's regional office and represents an investment on which the Company should be allowed to earn a reasonable return. To compute the attrition year Materials & Supplies, the Company has a 13-month average of the anticipated balance in this account during the attrition year. The CAPD has reviewed the Company's calculations for this item and finds them to be reasonable for this case.

Line 5, Deferred Rate Case Expense $383,333. This item represents the unamortized cost of the Company's current rate case. To compute attrition year Deferred Rate Case Expense, the Company first amortized its anticipated cost of

[12] Company Response to TRA Minimum Filing Requirement #12, Attachment 6. Company Response to TRA Minimum Filing Requirement #10. Company Response to CAPD Data Request, Item 1.

the current case over a 36 month period. The Deferred Rate Case Expense then represents the unamortized portion of this cost during the attrition year. The CAPD has reviewed the Company's calculations for this item and finds them to be reasonable for this case.

Line 6, Intercompany Leased Property $5,523,686. This item represents the original asset cost of certain Tennessee offices and storage plant that are recorded on the books of the Company's affiliates and then leased to the utility. The CAPD has long held the position that these leases represent utility property. We have therefore removed the lease payments from the cost of service and instead substituted the net book value for the property. The amount included here by the CAPD represents the average net value of this property during the attrition year.

Line 7, Working Capital 82,840. This item represents the results from applying the Company's lead/lag study to the CAPD's Cost of Service as shown on CAPD Exhibit, Schedules 4 and 5. The lead/lag study represents the average amount of capital provided by investors in the Company that is over and above the investment in plant and other specifically identified rate base items, to bridge the gap between the time expenditures are required to provide service and the time that collections are received for that service. The CAPD has reviewed the individual lead and lag days contained within the Company's proposed lead/lag study[13] and finds it to be reasonable for this case.

Line 9, Accumulated Depreciation $186,503,024. This item represents the amount of depreciation which has accrued over the life of the various capital assets included within Utility Plant in Service as described above. The Company

[13] Company Exhibit, Schedule THP-CWC1A.

has filed a proposed depreciation study with its rate case that lowers the composite annual depreciation rates for its corporate office plant and call center[14] that are allocated to Tennessee. The CAPD has reviewed the Company's proposed depreciation study and finds it to be reasonable for this case. However, the CAPD only concurs with the resulting rates produced by the study and not with the particular methodology used by the Company in their depreciation study. Because the CAPD has adopted the depreciation rates proposed by the Company, the difference between the Company and CAPD's attrition year Accumulated Depreciation relates to solely to the different projections of Utility Plant in Service as described above.

Line 10, Accumulated Deferred Income Taxes $64,322,474. This item represents the net amount of income tax (federal and state) that the Company has deferred payment on primarily due to the use of accelerated depreciation methods to compute tax depreciation expense. The CAPD has included the impact of accelerated depreciation of its proposed additions to Utility Plant in Service within its calculation of Accumulated Deferred Income Taxes.

However, in addition to increases in Accumulated Deferred Income Taxes for increased utility plant, the Company has also for the first time included an amount for Net Operating Loss Carryovers ("NOL Carryovers"). According to the Company, these NOL Carryovers are the result of "…bonus depreciation and other economic stimulus measures enacted by Congress".[15] The Company has recorded the regulated portion of the NOL Carryovers on its books as an ADIT

[14] Company Divisions 02 and 12.
[15] Direct Testimony of Company Witness Petersen, Page 7.

asset that are then netted with the Company's ADIT liabilities. These NOL Carryovers will then allow the Company to reduce or eliminate its income tax expense in future years.

The CAPD has reviewed the Company's documentation concerning these NOL Carryovers. While we do agree with the Company's accounting for the NOL Carryovers, we disagree with their inclusion in Rate Base as a basis for setting utility rates. Since the TRA already includes income tax expense in the Cost of Service at the current statutory rates,[16] recognition of the NOL Carryover for rate making purposes is not necessary and not appropriate. Instead, the NOL Carryover represents a timing difference on the corporate books between utility book and tax income that will eventually turn around. The CAPD therefore recommends that the TRA exclude the Company's NOL Carryover as a component of Accumulated Deferred Income Tax.

Line 11, Operating Reserves $561,249. This item represents the accumulation of prior period expenses recorded for Injuries & Damages and Worker's Compensation as a reserve for significant future expenditures that can be anticipated to occur but for which actual future amounts can only be estimated. The Company omitted Operating Reserves in its calculation of Rate Base. The CAPD has included a four-year average of Operating Reserves for each Company division allocating costs to Tennessee.[17]

Line 12, Customer Advances $66,923. This item represents non-investor supplied funds from customers for extending utility service that the Company has

[16] CAPD Exhibit, Schedule 10.
[17] Divisions 02, 12, 91 and 93.

used to finance a portion of its utility investment and should therefore be included as a deduction in computing Rate Base. The CAPD has reviewed the Company's calculations for this item and finds them to be reasonable for this case.

Line 13, Customer Deposits $3,992,234. This item represents amounts advanced by customers to the Company for the privilege of obtaining utility service. These deposits therefore represent a source of non-investor supplied funds which the Company has available to finance a portion of its utility investment and should therefore be included as a deduction in computing Rate Base. The CAPD has reviewed the Company's calculations for this item and finds them to be reasonable for this case.

Line 14, Accumulated Interest on Customer Deposits $58,237. This item represents the interest accrued on Customer Deposits and owed to the customer when the deposit is refunded. Since this accumulated interest is owed to the customer, it represents a source of non-investor supplied funds which the Company has available to finance a portion of its utility investment and should therefore be included as a deduction in computing Rate Base. The CAPD has reviewed the Company's calculations for this item and finds them to be reasonable for this case.

After considering all of the above components, the CAPD computed Rate Base as shown on CAPD Exhibit, Schedules 2 and 3 to be $183,071,110.

III. RATE DESIGN

Q20. HOW DOES THE CONSUMER ADVOCATE PROPOSE THAT THE TRA ALLOCATE THE COMPANY'S REVENUE REQUIREMENTS TO EACH CUSTOMER CLASS?

A20. The CAPD recommends that its proposed revenue deficiency be allocated evenly across-the-board to all customer classes, including special contract customers, based upon the ratio of each customer class' attrition period margin to total attrition period margin. As shown on CAPD Exhibit, Schedule 14, this allocation results in a rate increase of 6.37% to all customer classes.

Q21. WHAT RATE DESIGN DOES THE CAPD PROPOSE?

A21. We are proposing that the revenue deficiency in this case be recovered through increased customer charges. In other words, we are proposing that the existing base rate commodity charges remain at their current levels. We feel that this proposal shifts more of the Company's revenue recovery towards fixed charges but avoids a radical change of existing commodity rates. At this time, we do not have a specific dollar value rate design proposal to recommend to the TRA, but fully expect to have this completed prior to the hearing.

Q22. DO YOU HAVE ANY COMMENTS ABOUT THE MANNER IN THE WAY THIS CASE WAS FILED BY THE COMPANY?

A22. Yes. The Company's case was filed with a bare minimum amount of supporting detail and a complete lack of documentation or audit trail as to the source of that supporting information. In thirty years, I have never seen such a blatant lack of

initial filing information by a utility in a major rate case. The Company did cooperate in providing this information after the filing, but it would be better for all parties if this information was provided on the front end. To prevent this problem in the future, I strongly urge the TRA to consider revisiting its Minimum Filing Requirements for rate cases with the goal of specifying exactly what schedules and data needs to be filed in a rate case.

Q23. DOES THIS COMPLETE YOUR TESTIMONY?

A23. Yes it does. However I reserve the right to incorporate any new information that may subsequently become available.

ATTACHMENT WHN-1

William H. Novak Vitae

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The Woodlands, TX 77381

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Areas of Specialization

Over twenty-five years of experience in regulatory affairs and forecasting of financial information in the rate setting process for electric, gas, water and wastewater utilities. Presented testimony and analysis for state commissions on regulatory issues in four states and has presented testimony before the FERC on electric issues.

Relevant Experience

WHN Consulting – September 2004 to Present

In 2004, established WHN Consulting to provide utility consulting and expert testimony for energy and water utilities. Complete needs consultant to provide the regulatory and financial expertise that enabled a number of small gas and water utilities to obtain their Certificate of Public Convenience and Necessity (CCN) that included forecasting the utility investment and income. Also provided the complete analysis and testimony for utility rate cases including revenues, operating expenses, taxes, rate base, rate of return and rate design for utilities in Tennessee. Assisted American Water Works Company in preparing rate cases in Ohio and Iowa. Provided commercial and industrial tariff analysis and testimony for an industrial intervenor group in a large gas utility rate case. Industry spokesman for water utilities dealing with utility commission rulemaking. Consultant for the North Carolina and Illinois Public Utility Commissions in carrying out their oversight functions of Duke Energy and Peoples Gas Light and Coke Company through focused management audits. Also provide continual utility accounting services and preparation of utility commission annual reports for water and gas utilities.

Sequent Energy Management – February 2001 to July 2003

Vice-President of Regulatory Compliance for approximately two years with Sequent Energy Management, a gas trading and optimization affiliate of AGL Resources. In that capacity, directed the duties of the regulatory compliance department, and reviewed and analyzed all regulatory filings and controls to ensure compliance with federal and state regulatory guidelines. Engaged and oversaw the work of a number of regulatory consultants and attorneys in various states where Sequent has operations. Identified asset management opportunities and regulatory issues for Sequent in various states. Presented regulatory proposals and testimony to eliminate wholesale gas rate fluctuations through hedging of all wholesale gas purchases for utilities. Also prepared testimony to allow gas marketers to compete with utilities for the transportation of wholesale gas to industrial users.

Atlanta Gas Light Company – April 1999 to February 2001

Director of Rates and Regulatory Analysis for approximately two years with AGL Resources, a public utility holding company serving approximately 1.9 million customers in Georgia, Tennessee, and Virginia. In that capacity, was instrumental in leading Atlanta Gas Light Company through the most complete and comprehensive gas deregulation process in the country that involved terminating the utility's traditional gas recovery mechanism and instead allowing all 1.5 million AGL Resources customers in Georgia to choose their own gas marketer. Also responsible for all gas deregulation filings, as well as preparing and defending gas cost recovery and rate filings. Initiated a weather normalization adjustment in Virginia to track adjustments to company's revenues based on departures from normal weather. Analyzed the regulatory impacts of potential acquisition targets.

Tennessee Regulatory Authority – Aug. 1982 to Apr 1999; Jul 2003 to Sep 2004

Employed by the Tennessee Regulatory Authority (formerly the Tennessee Public Service Commission) for approximately 19 years, culminating as Chief of the Energy and Water Division. Responsible for directing the division's compliance and rate setting process for all gas, electric, and water utilities. Either presented analysis and testimony or advised the Commissioners/Directors on policy setting issues, including utility rate cases, electric and gas deregulation, gas cost recovery, weather normalization recovery, and various accounting related issues. Responsible for leading and supervising the purchased gas adjustment (PGA) and gas cost recovery calculation for all gas utilities. Responsible for overseeing the work of all energy and water consultants hired by the TRA for management audits of gas, electric and water utilities. Implemented a weather normalization process for water utilities that was adopted by the Commission and adopted by American Water Works Company in regulatory proceedings outside of Tennessee.

Education

B.A, Accounting, Middle Tennessee State University, 1981
MBA, Middle Tennessee State University, 1997

Professional

Certified Public Accountant (CPA), Tennessee Certificate # 7388
Certified Management Accountant (CMA), Certificate # 7880
Former Vice-Chairman of National Association of Regulatory Utility Commission's Subcommittee on Natural Gas

ATTACHMENT WHN-2

CAPD Pro Forma Billing Determinants

WHN Consulting

Attachment WHN-2

Schedule 1

Atmos Energy Corporation

Comparison of CAPD & Company Volume Adjustments (MCF)

Line No.		Test Period	Weather Normalization	Customer Changes	Customer Growth	Declining Usage	Attrition Year
	CAPD Volumes (Mcf):						
1	Residential (210)	6,256,955	760,710	0	58,763	0	7,076,429
2	Heating & Cooling (211)	592	72	0	-141	0	522
3	Small Commercial & Industrial (220)	4,731,495	437,303	0	82,060	0	5,250,858
4	Experimental School (221)	67,352	6,225	0	-909	0	72,667
5	Public Housing (225)	41,364	5,029	0	509	0	46,902
6	Large Commercial & Industrial (230)	209,821	4,515	-35,402	-4,842	0	174,092
7	Demand/Commodity (240)	203,749	0	0	0	0	203,749
8	Interruptible (250)	551,490	0	0	0	0	551,490
9	Transportation (260)	5,754,572	0	667,198	0	0	6,421,770
10	Negotiated (291)	1,988,305	0	-445,734	0	0	1,542,571
11	Cogeneration (292)	1,976	0	0	0	0	1,976
12	Large Tonnage Air Conditioning (293)	22,777	0	0	0	0	22,777
13	**Total**	**19,830,447**	**1,213,854**	**186,062**	**135,439**	**0**	**21,365,803**
	Company Volumes (Mcf):						
14	Residential (210)	6,256,956	1,082,159	-2,179	42,899	-82,408	7,297,427
15	Heating & Cooling (211)	591	0	0	0	0	591
16	Small Commercial & Industrial (220)	4,731,495	569,134	2,179	27,681	-68,884	5,261,605
17	Experimental School (221)	67,352	0	0	0	0	67,352
18	Public Housing (225)	41,364	7,154	0	0	0	48,518
19	Large Commercial & Industrial (230)	209,821	6,521	-35,402	0	0	180,940
20	Demand/Commodity (240)	203,749	0	0	0	0	203,749
21	Interruptible (250)	551,490	0	0	0	0	551,490
22	Transportation (260)	5,754,572	0	667,198	0	0	6,421,770
23	Negotiated (291)	1,988,305	0	-445,734	0	0	1,542,571
24	Cogeneration (292)	1,976	0	0	0	0	1,976
25	Large Tonnage Air Conditioning (293)	22,777	0	0	0	0	22,777
26	**Total**	**19,830,448**	**1,664,968**	**186,062**	**70,580**	**-151,292**	**21,600,766**
	Difference (Mcf):						
27	Residential (210)	-1	-321,449	2,179	15,864	82,408	-220,998
28	Heating & Cooling (211)	1	72	0	-141	0	-69
29	Small Commercial & Industrial (220)	0	-131,831	-2,179	54,379	68,884	-10,747
30	Experimental School (221)	0	6,225	0	-909	0	5,315
31	Public Housing (225)	0	-2,125	0	509	0	-1,616
32	Large Commercial & Industrial (230)	0	-2,006	0	-4,842	0	-6,848
33	Demand/Commodity (240)	0	0	0	0	0	0
34	Interruptible (250)	0	0	0	0	0	0
35	Transportation (260)	0	0	0	0	0	0
36	Negotiated (291)	0	0	0	0	0	0
37	Cogeneration (292)	0	0	0	0	0	0
38	Large Tonnage Air Conditioning (293)	0	0	0	0	0	0
39	**Total**	**-1**	**-451,114**	**0**	**64,859**	**151,292**	**-234,963**

SOURCE: CAPD Revenue Workpaper R-1.01.

WHN Consulting

Attachment WHN-2

Schedule 2

Atmos Energy Corporation

Comparison of CAPD & Company Bill Adjustments

Line No.		Test Period	Customer Changes	Customer Growth	Attrition Year
	CAPD Bills:				
1	Residential (210)	1,368,114	0	11,385	1,379,499
2	Heating & Cooling (211)	29	0	-7	22
3	Small Commercial & Industrial (220)	190,161	0	2,742	192,903
4	Experimental School (221)	72	0	2	74
5	Public Housing (225)	5,774	0	122	5,896
6	Large Commercial & Industrial (230)	167	0	-4	163
7	Demand/Commodity (240)	36	0	0	36
8	Interruptible (250)	313	0	0	313
9	Transportation (260)	1,127	0	0	1,127
10	Negotiated (291)	65	-5	0	60
11	Cogeneration (292)	0	0	0	0
12	Large Tonnage Air Conditioning (293)	12	0	0	12
13	**Total**	**1,565,870**	**-5**	**14,240**	**1,580,105**
	Company Bills:				
14	Residential (210)	1,368,114	-423	7,996	1,375,687
15	Heating & Cooling (211)	29	0	0	29
16	Small Commercial & Industrial (220)	190,161	423	1,069	191,653
17	Experimental School (221)	72	0	0	72
18	Public Housing (225)	5,774	0	0	5,774
19	Large Commercial & Industrial (230)	167	8	0	175
20	Demand/Commodity (240)	36	0	0	36
21	Interruptible (250)	313	0	0	313
22	Transportation (260)	1,127	24	0	1,151
23	Negotiated (291)	65	-5	0	60
24	Cogeneration (292)	0	0	0	0
25	Large Tonnage Air Conditioning (293)	12	0	0	12
26	**Total**	**1,565,870**	**27**	**9,065**	**1,574,962**
	Difference:				
27	Residential (210)	0	423	3,389	3,812
28	Heating & Cooling (211)	0	0	-7	-7
29	Small Commercial & Industrial (220)	0	-423	1,673	1,250
30	Experimental School (221)	0	0	2	2
31	Public Housing (225)	0	0	122	122
32	Large Commercial & Industrial (230)	0	-8	-4	-12
33	Demand/Commodity (240)	0	0	0	0
34	Interruptible (250)	0	0	0	0
35	Transportation (260)	0	-24	0	-24
36	Negotiated (291)	0	0	0	0
37	Cogeneration (292)	0	0	0	0
38	Large Tonnage Air Conditioning (293)	0	0	0	0
39	**Total**	**0**	**-32**	**5,175**	**5,143**

SOURCE: CAPD Revenue Workpaper R-1.02.

ATTACHMENT WHN-3

WNA Factors

Atmos Energy Corporation
SUMMARY OF WNA FACTORS

Tariff	"R" Value ($/Mcf)	Heat Factor (Mcf/DDD)	Base Factor (Mcf/Month)
Residential (Rate Schedules 210, 211, 225)			
Bristol Area	**TBD**	0.01147581	0.88911579
Knoxville Area	**TBD**	0.01195992	0.93291079
Nashville Area	**TBD**	0.01487142	0.98650866
Paducah Area	**TBD**	0.01358986	0.75863386
Commercial (Rate Schedules 220C/230C, 221, 220I)			
Bristol Area	**TBD**	0.05471360	11.31521509
Knoxville Area	**TBD**	0.05938387	11.43141323
Nashville Area	**TBD**	0.04972392	10.49113451
Paducah Area	**TBD**	0.04073794	5.68432062

WHN Consulting

Attachment WHN-3
Schedule 2

Atmos-Res Combined (210, 211, 225) Bristol Area
Cycle Weather Normalization
Bristol Heating Degree Days

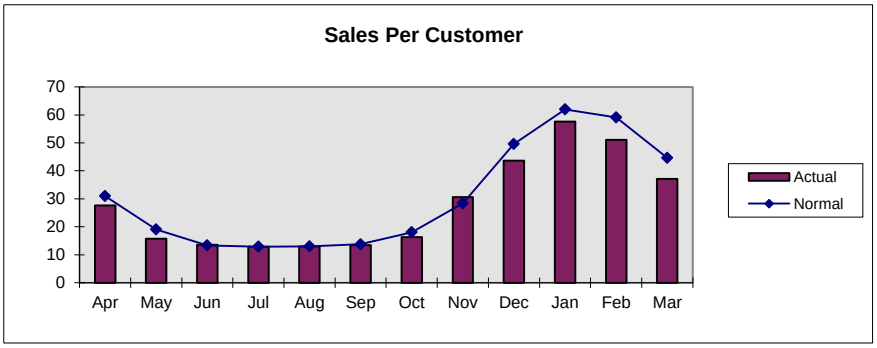
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	116,390	22,953	5.0708	355	416
May	48,924	22,653	2.1597	116	177
June	33,150	22,413	1.4791	46	42
July	23,167	22,233	1.0420	0	1
August	21,527	22,135	0.9725	0	0
September	23,520	22,132	1.0627	1	6
October	38,530	22,229	1.7333	98	130
November	109,023	22,562	4.8322	457	416
December	164,061	22,736	7.2159	552	661
January	235,796	22,884	10.3040	786	866
February	209,460	22,917	9.1399	730	877
March	160,676	23,014	6.9817	460	597
TOTAL	**1,184,224**	**270,861**	**51.9938**	**3,601**	**4,190**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	61.2300	0.7027	5.7735	132,519	16,129
May	61.4900	0.7056	2.8653	64,908	15,984
June	-3.8600	-0.0443	1.4348	32,158	-992
July	0.8900	0.0102	1.0522	23,394	227
August	0.4300	0.0049	0.9774	21,635	108
September	4.7300	0.0543	1.1170	24,721	1,201
October	32.2100	0.3696	2.1029	46,745	8,215
November	-40.5300	-0.4651	4.3671	98,530	-10,493
December	108.6200	1.2465	8.4624	192,402	28,341
January	79.6200	0.9137	11.2177	256,705	20,909
February	147.2900	1.6903	10.8302	248,197	38,737
March	136.9600	1.5717	8.5534	196,848	36,172
TOTAL	**589.0800**	**6.7601**	**58.7539**	**1,338,762**	**154,538**

Regression Output:

Constant	0.88911579
Std Err of Y Est	0.51789143
R Squared	0.97893477
X Coefficient	0.01147581
Std Err of Coef.	0.00053234



WHN Consulting

Attachment WHN-3
Schedule 3

Atmos-Res Combined (210, 211, 225) Knoxville Area
Cycle Weather Normalization
Knoxville Heating Degree Days

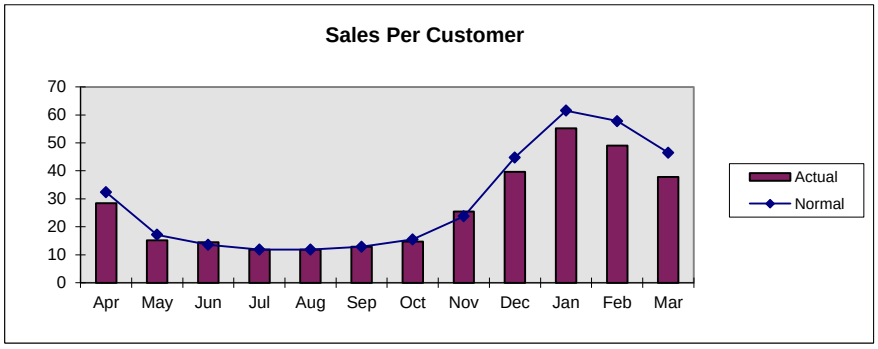
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	89,357	20,140	4.4368	263	329
May	37,744	19,948	1.8921	87	121
June	27,524	19,764	1.3926	36	20
July	20,675	19,575	1.0562	0	0
August	18,763	19,584	0.9581	0	0
September	20,759	19,517	1.0636	2	1
October	29,735	19,633	1.5146	67	81
November	84,891	19,839	4.2790	366	338
December	137,812	19,950	6.9079	503	590
January	189,554	20,042	9.4578	682	789
February	168,536	20,043	8.4087	643	792
March	118,259	20,089	5.8867	366	512
TOTAL	**943,607**	**238,124**	**47.2541**	**3,015**	**3,573**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	66.0400	0.7898	5.2266	105,263	15,906
May	33.7300	0.4034	2.2955	45,791	8,047
June	-15.5100	-0.1855	1.2071	23,858	-3,666
July	0.0600	0.0007	1.0569	20,688	13
August	0.0300	0.0004	0.9585	18,771	8
September	-0.6400	-0.0077	1.0559	20,609	-150
October	13.5500	0.1621	1.6767	32,918	3,183
November	-28.0100	-0.3350	3.9440	78,245	-6,646
December	86.5100	1.0347	7.9426	158,454	20,642
January	107.4900	1.2856	10.7434	215,320	25,766
February	148.5400	1.7765	10.1852	204,142	35,606
March	146.3800	1.7507	7.6374	153,429	35,170
TOTAL	**558.1700**	**6.6757**	**53.9298**	**1,077,488**	**133,881**

Regression Output:

Constant	0.93291079
Std Err of Y Est	0.42314285
R Squared	0.98301606
X Coefficient	0.01195992
Std Err of Coef.	0.00049713



WHN Consulting

Attachment WHN-3
Schedule 4

Atmos-Res Combined (210, 211, 225) Nashville Area
Cycle Weather Normalization
Nashville Heating Degree Days

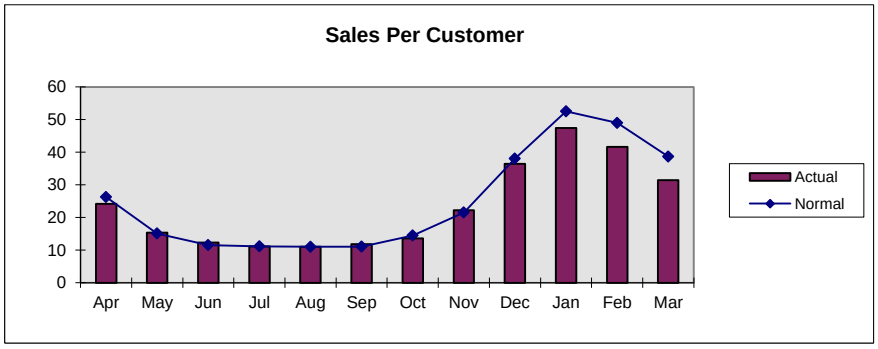
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	386,144	68,897	5.6047	278	319
May	161,958	68,533	2.3632	113	108
June	108,098	68,075	1.5879	32	16
July	79,219	68,003	1.1649	0	0
August	71,765	67,823	1.0581	0	0
September	80,267	67,701	1.1856	16	1
October	115,775	67,904	1.7050	58	76
November	322,540	68,574	4.7035	327	312
December	594,600	69,212	8.5910	543	575
January	812,232	69,388	11.7057	685	788
February	717,911	69,530	10.3252	650	796
March	524,151	69,762	7.5134	369	514
TOTAL	**3,974,661**	**823,402**	**57.5082**	**3,071**	**3,508**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	40.9900	0.6096	6.2143	428,144	42,000
May	-4.7700	-0.0709	2.2923	157,099	-4,859
June	-16.0600	-0.2388	1.3491	91,842	-16,256
July	0.0600	0.0009	1.1658	79,280	61
August	0.1000	0.0015	1.0596	71,867	102
September	-14.7400	-0.2192	0.9664	65,427	-14,840
October	18.2700	0.2717	1.9767	134,224	18,449
November	-14.9400	-0.2222	4.4813	307,303	-15,237
December	32.4900	0.4832	9.0742	628,044	33,444
January	103.4400	1.5383	13.2440	918,972	106,740
February	146.4600	2.1781	12.5033	869,355	151,444
March	145.4700	2.1633	9.6767	675,067	150,916
TOTAL	**436.7700**	**6.4955**	**64.0037**	**4,426,624**	**451,964**

Regression Output:

Constant	0.98650866
Std Err of Y Est	0.58370106
R Squared	0.97956413
X Coefficient	0.01487142
Std Err of Coef.	0.00067925



WHN Consulting

Attachment WHN-3
Schedule 5

Atmos-Res Combined (210, 211, 225) Paducah Area
Cycle Weather Normalization
Paducah Heating Degree Days

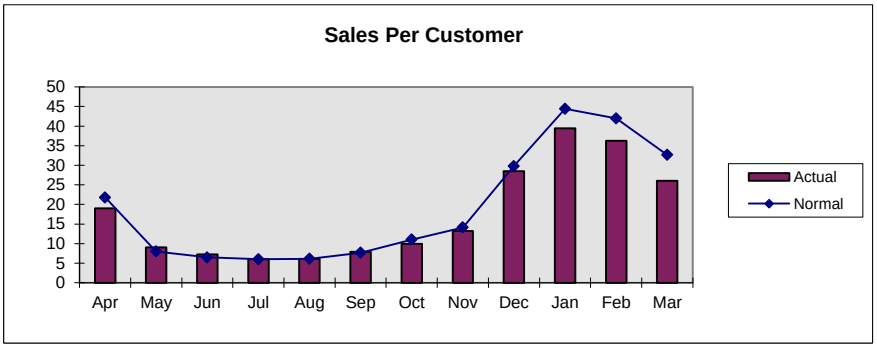
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	18,639	3,519	5.2968	293	361
May	7,926	3,454	2.2948	144	118
June	4,416	3,426	1.2888	36	17
July	3,287	3,391	0.9695	0	0
August	3,088	3,353	0.9209	0	0
September	3,335	3,343	0.9976	8	3
October	5,164	3,422	1.5089	76	103
November	15,349	3,462	4.4335	339	362
December	31,450	3,515	8.9475	618	650
January	41,494	3,540	11.7215	766	888
February	37,193	3,554	10.4652	746	887
March	25,077	3,551	7.0619	418	580
TOTAL	**196,419**	**41,530**	**55.9071**	**3,444**	**3,972**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	68.1400	0.9260	6.2228	21,898	3,259
May	-25.6000	-0.3479	1.9469	6,725	-1,201
June	-18.6700	-0.2537	1.0351	3,546	-870
July	0.1700	0.0023	0.9718	3,295	8
August	0.4300	0.0058	0.9267	3,107	19
September	-4.5700	-0.0621	0.9355	3,127	-208
October	27.4200	0.3726	1.8815	6,439	1,275
November	23.4900	0.3192	4.7527	16,454	1,105
December	32.4900	0.4415	9.3890	33,002	1,552
January	121.9500	1.6573	13.3788	47,361	5,867
February	141.0500	1.9168	12.3820	44,006	6,813
March	161.8500	2.1995	9.2614	32,887	7,810
TOTAL	**528.1500**	**7.1773**	**63.0844**	**221,847**	**25,428**

Regression Output:

Constant	0.75863386
Std Err of Y Est	0.49480467
R Squared	0.98609514
X Coefficient	0.01358986
Std Err of Coef.	0.00051032



WHN Consulting

Attachment WHN-3
Schedule 6

Atmos-Com Combined-2 (220C/230C, 221, 220I) Bristol Area
Cycle Weather Normalization
Bristol Heating Degree Days

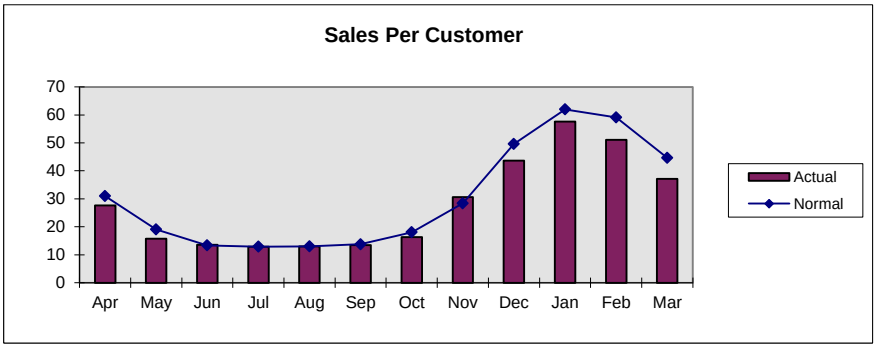
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	153,412	5,554	27.6219	355	416
May	84,200	5,351	15.7354	116	177
June	72,563	5,340	13.5886	46	42
July	67,606	5,249	12.8799	0	1
August	67,901	5,225	12.9955	0	0
September	70,110	5,191	13.5061	1	6
October	85,672	5,258	16.2936	98	130
November	166,453	5,436	30.6205	457	416
December	241,782	5,533	43.6982	552	661
January	322,407	5,597	57.6035	786	866
February	286,466	5,607	51.0908	730	877
March	209,504	5,636	37.1724	460	597
TOTAL	**1,828,076**	**64,977**	**332.8062**	**3,601**	**4,190**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	61.2300	3.3501	30.9720	172,018	18,606
May	61.4900	3.3643	19.0997	102,202	18,002
June	-3.8600	-0.2112	13.3774	71,435	-1,128
July	0.8900	0.0487	12.9286	67,862	256
August	0.4300	0.0235	13.0190	68,024	123
September	4.7300	0.2588	13.7649	71,453	1,343
October	32.2100	1.7623	18.0559	94,938	9,266
November	-40.5300	-2.2175	28.4030	154,399	-12,054
December	108.6200	5.9430	49.6412	274,665	32,883
January	79.6200	4.3563	61.9598	346,789	24,382
February	147.2900	8.0588	59.1496	331,652	45,186
March	136.9600	7.4936	44.6660	251,738	42,234
TOTAL	**589.0800**	**32.2307**	**365.0369**	**2,007,175**	**179,099**

Regression Output:

Constant	11.31521509
Std Err of Y Est	2.68296425
R Squared	0.97522320
X Coefficient	0.05471360
Std Err of Coef.	0.00275782



WHN Consulting

Attachment WHN-3
Schedule 7

Atmos-Com Combined-2 (220C/230C, 221, 220I) Knoxville Area
Cycle Weather Normalization
Knoxville Heating Degree Days

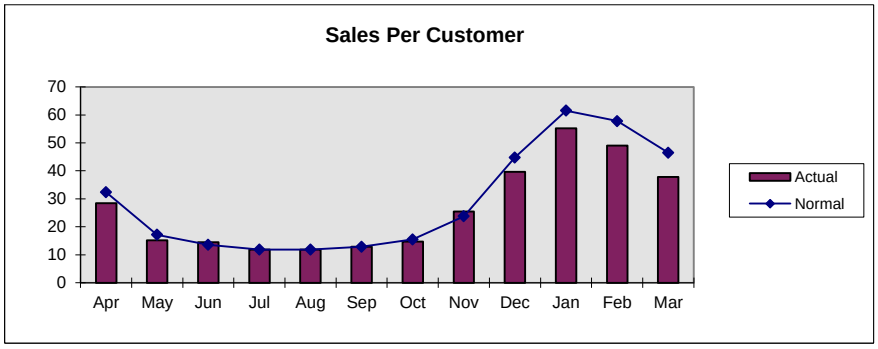
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	82,570	2,906	28.4136	263	329
May	42,294	2,794	15.1374	87	121
June	40,321	2,783	14.4882	36	20
July	32,713	2,762	11.8439	0	0
August	32,833	2,770	11.8532	0	0
September	35,309	2,745	12.8629	2	1
October	41,133	2,799	14.6957	67	81
November	72,999	2,872	25.4173	366	338
December	115,889	2,926	39.6066	503	590
January	163,400	2,963	55.1469	682	789
February	145,007	2,961	48.9723	643	792
March	112,853	2,987	37.7813	366	512
TOTAL	**917,320**	**34,268**	**316.2193**	**3,015**	**3,573**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	66.0400	3.9217	32.3353	93,966	11,396
May	33.7300	2.0030	17.1404	47,890	5,596
June	-15.5100	-0.9210	13.5672	37,758	-2,563
July	0.0600	0.0036	11.8475	32,723	10
August	0.0300	0.0018	11.8550	32,838	5
September	-0.6400	-0.0380	12.8249	35,204	-105
October	13.5500	0.8047	15.5004	43,386	2,253
November	-28.0100	-1.6633	23.7540	68,222	-4,777
December	86.5100	5.1373	44.7439	130,921	15,032
January	107.4900	6.3832	61.5301	182,314	18,914
February	148.5400	8.8209	57.7932	171,126	26,119
March	146.3800	8.6926	46.4739	138,817	25,964
TOTAL	**558.1700**	**33.1465**	**349.3658**	**1,015,165**	**97,845**

Regression Output:

Constant	11.43141323
Std Err of Y Est	3.19983641
R Squared	0.96146867
X Coefficient	0.05938387
Std Err of Coef.	0.00375931



WHN Consulting

Attachment WHN-3
Schedule 8

Atmos-Com Combined-2 (220C/230C, 221, 220I) Nashville Area
Cycle Weather Normalization
Nashville Heating Degree Days

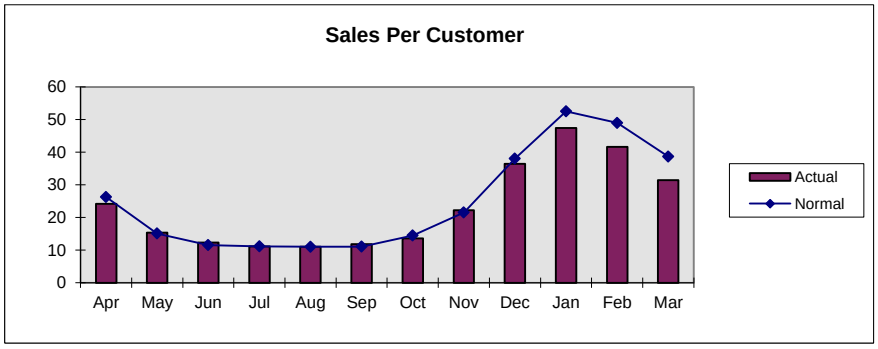
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	171,833	7,103	24.1916	278	319
May	105,921	6,911	15.3265	113	108
June	85,121	6,906	12.3256	32	16
July	75,540	6,755	11.1828	0	0
August	75,206	6,829	11.0128	0	0
September	80,070	6,778	11.8132	16	1
October	92,423	6,793	13.6056	58	76
November	155,744	6,998	22.2555	327	312
December	261,547	7,184	36.4069	543	575
January	342,663	7,230	47.3946	685	788
February	302,303	7,256	41.6625	650	796
March	230,233	7,328	31.4183	369	514
TOTAL	**1,978,603**	**84,071**	**278.5958**	**3,071**	**3,508**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	40.9900	2.0382	26.2298	186,310	14,477
May	-4.7700	-0.2372	15.0893	104,282	-1,639
June	-16.0600	-0.7986	11.5270	79,605	-5,516
July	0.0600	0.0030	11.1858	75,560	20
August	0.1000	0.0050	11.0178	75,240	34
September	-14.7400	-0.7329	11.0803	75,102	-4,968
October	18.2700	0.9085	14.5141	98,594	6,171
November	-14.9400	-0.7429	21.5126	150,545	-5,199
December	32.4900	1.6155	38.0224	273,153	11,606
January	103.4400	5.1434	52.5380	379,850	37,187
February	146.4600	7.2826	48.9451	355,145	52,842
March	145.4700	7.2333	38.6516	283,239	53,006
TOTAL	**436.7700**	**21.7179**	**300.3137**	**2,136,625**	**158,022**

Regression Output:

Constant	10.49113451
Std Err of Y Est	1.98004285
R Squared	0.97897792
X Coefficient	0.04972392
Std Err of Coef.	0.00230418



WHN Consulting

Attachment WHN-3
Schedule 9

Atmos-Com Combined-2 (220C/230C, 221, 220I) Paducah Area
Cycle Weather Normalization
Paducah Heating Degree Days

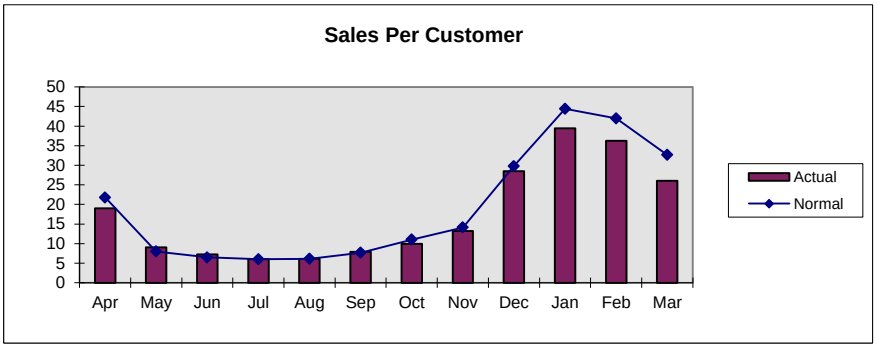
For the 12 Months Ended March 31, 2012

MONTH	SALES	CUSTOMERS	SALES PER CUSTOMER	ACTUAL WEATHER	NORMAL WEATHER
April	11,298	595	18.9876	293	361
May	5,172	572	9.0416	144	118
June	4,079	564	7.2328	36	17
July	3,392	565	6.0035	0	0
August	3,393	556	6.1027	0	0
September	4,268	543	7.8594	8	3
October	5,613	567	9.8993	76	103
November	7,640	580	13.1721	339	362
December	17,027	598	28.4725	618	650
January	23,639	599	39.4637	766	888
February	22,019	608	36.2156	746	887
March	16,159	620	26.0624	418	580
TOTAL	**123,697**	**6,967**	**208.5133**	**3,444**	**3,972**

MONTH	WEATHER DEVIATION	PER CUST ADJUSTMENT	NORMAL SALE/CUST	NORMAL SALES	WEATHER ADJUSTMENT
April	68.1400	2.7759	21.7635	12,949	1,651
May	-25.6000	-1.0429	7.9987	4,575	-597
June	-18.6700	-0.7606	6.4722	3,650	-429
July	0.1700	0.0069	6.0104	3,396	4
August	0.4300	0.0175	6.1202	3,403	10
September	-4.5700	-0.1862	7.6732	4,167	-101
October	27.4200	1.1170	11.0163	6,246	633
November	23.4900	0.9569	14.1290	8,195	555
December	32.4900	1.3236	29.7961	17,818	791
January	121.9500	4.9680	44.4317	26,615	2,976
February	141.0500	5.7461	41.9617	25,513	3,494
March	161.8500	6.5934	32.6558	20,247	4,088
TOTAL	**528.1500**	**21.5156**	**230.0289**	**136,774**	**13,077**

Regression Output:

Constant	5.68432062
Std Err of Y Est	2.76873888
R Squared	0.95316770
X Coefficient	0.04073794
Std Err of Coef.	0.00285553



WHN Consulting

Atmos Energy Corporation

BRISTOL 30 YEAR DAILY NORMAL HEATING DEGREE DAYS

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	25.60	26.20	22.20	13.70	4.47	1.33	0.00	0.00	0.00	5.67	10.63	23.30
2	26.90	25.73	20.57	13.43	4.57	0.63	0.00	0.00	0.00	5.13	12.20	23.80
3	27.00	25.57	21.33	12.00	5.07	0.13	0.00	0.00	0.00	5.20	14.23	22.80
4	26.90	27.57	20.47	11.80	6.43	0.37	0.00	0.00	0.30	4.90	15.90	24.83
5	27.90	29.60	18.90	12.87	5.23	0.50	0.00	0.00	0.63	4.87	16.80	25.10
6	27.90	28.47	18.43	13.30	4.63	0.50	0.00	0.13	0.30	5.57	18.13	26.90
7	27.83	27.70	18.73	13.73	4.10	0.73	0.00	0.10	0.23	7.10	16.53	27.20
8	28.90	28.73	18.87	11.87	3.83	0.43	0.00	0.13	0.20	7.13	16.93	26.13
9	28.80	28.17	19.53	12.53	4.03	0.33	0.00	0.07	0.40	5.47	16.27	24.50
10	29.03	27.03	21.53	12.30	3.33	0.30	0.00	0.00	0.17	5.37	16.43	23.90
11	29.90	26.57	21.33	10.10	3.30	0.23	0.00	0.00	0.27	5.33	18.47	25.30
12	28.57	27.73	19.40	10.10	3.13	0.27	0.03	0.00	0.20	6.70	17.83	25.70
13	28.33	28.17	17.53	10.60	3.40	0.37	0.00	0.00	0.30	6.73	18.70	25.23
14	29.87	25.73	17.07	8.03	2.90	0.30	0.00	0.00	0.67	8.33	18.00	25.27
15	29.83	24.37	17.27	8.20	3.07	0.00	0.00	0.00	1.13	8.87	17.10	24.13
16	30.23	24.77	16.70	9.57	3.57	0.07	0.00	0.00	1.50	9.23	17.73	25.77
17	28.57	26.03	17.67	10.67	4.00	0.00	0.00	0.00	1.57	9.17	19.87	25.77
18	29.00	24.70	16.13	9.47	3.63	0.13	0.00	0.00	1.43	9.63	19.10	27.23
19	30.70	23.17	15.77	8.87	3.53	0.07	0.00	0.00	0.77	10.43	17.77	27.73
20	31.93	21.67	16.33	6.67	2.83	0.10	0.00	0.00	1.23	10.60	16.70	28.90
21	32.20	19.47	17.73	7.13	2.23	0.23	0.00	0.00	1.47	10.90	19.13	28.03
22	29.90	20.60	18.07	8.07	2.53	0.20	0.00	0.07	2.10	11.00	20.17	27.13
23	28.80	20.83	16.27	8.47	2.07	0.03	0.00	0.10	2.97	11.03	20.03	26.50
24	28.60	23.40	15.20	8.47	1.57	0.00	0.00	0.03	3.07	10.40	19.20	28.93
25	30.60	24.10	13.53	6.80	1.50	0.00	0.00	0.00	2.77	10.70	19.33	31.20
26	30.43	23.53	13.87	6.37	1.40	0.00	0.00	0.00	2.53	10.43	18.80	31.17
27	30.77	22.83	13.37	6.60	1.60	0.00	0.00	0.00	2.77	11.30	17.60	27.67
28	28.43	22.30	12.10	7.57	1.63	0.00	0.00	0.23	3.83	12.13	18.07	25.93
29	26.83	6.40	12.60	6.50	1.53	0.00	0.00	0.30	4.70	13.27	21.23	27.47
30	25.13		12.43	4.77	1.17	0.03	0.00	0.20	5.13	11.30	21.80	27.40
31	27.83		13.90		0.93		0.00	0.00		10.80		25.53
Calendar Total	**893**	**711**	**535**	**291**	**97**	**7**	**0**	**1**	**43**	**265**	**531**	**816**
Cycle Total	**866**	**877**	**597**	**416**	**177**	**42**	**1**	**0**	**6**	**130**	**416**	**661**

NON-LEAP YEAR TOTAL	**4,190**
LEAP YEAR TOTAL	**4,209**

Note: Degree Days for February 29 must be multiplied by 4 to arrive at the true DDD for this day.

NOTE: AVERAGE IS FOR THE 30 YEAR PERIOD ENDED: March, 2012.

WHN Consulting

Atmos Energy Corporation

KNOXVILLE 30 YEAR DAILY NORMAL HEATING DEGREE DAYS

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	24.10	22.93	19.00	10.93	2.97	0.50	0.00	0.00	0.00	3.20	7.77	20.80
2	24.87	22.43	18.13	10.93	3.37	0.13	0.00	0.00	0.00	2.87	9.93	21.33
3	24.63	22.73	18.90	9.93	3.73	0.00	0.00	0.00	0.00	2.93	11.50	20.80
4	24.53	24.87	18.00	9.13	4.77	0.07	0.00	0.00	0.00	2.77	13.17	22.27
5	25.20	26.90	15.93	10.60	3.80	0.10	0.00	0.00	0.03	3.10	14.03	22.87
6	24.87	26.37	16.00	10.47	2.93	0.30	0.00	0.00	0.20	3.67	15.63	24.47
7	24.17	25.60	16.07	10.50	2.63	0.33	0.00	0.00	0.07	4.87	14.43	24.47
8	26.53	25.87	15.27	8.83	2.47	0.07	0.00	0.03	0.10	4.93	13.87	23.50
9	26.17	24.97	16.73	10.20	2.40	0.13	0.00	0.00	0.07	4.03	13.03	22.27
10	25.73	24.37	18.50	9.40	1.77	0.10	0.00	0.00	0.00	3.63	14.37	21.33
11	27.17	24.07	18.17	7.47	2.10	0.10	0.00	0.00	0.10	3.80	15.37	22.17
12	26.47	24.87	16.47	6.83	1.50	0.07	0.00	0.00	0.00	4.90	15.53	23.33
13	26.07	25.10	14.43	7.10	1.77	0.23	0.00	0.00	0.13	4.57	15.83	22.50
14	27.23	21.73	14.07	5.97	1.47	0.13	0.00	0.00	0.30	5.47	15.70	23.27
15	27.03	21.90	14.20	6.27	1.40	0.00	0.00	0.00	0.30	6.27	15.17	22.07
16	28.03	20.87	13.43	7.73	2.30	0.03	0.00	0.00	0.53	6.63	16.27	23.10
17	26.70	22.57	14.37	8.10	2.33	0.00	0.00	0.00	0.30	6.80	17.53	23.17
18	26.60	21.97	12.53	6.77	2.00	0.00	0.00	0.00	0.27	6.53	16.03	25.03
19	28.30	20.30	12.37	6.10	1.90	0.00	0.00	0.00	0.33	7.93	15.03	24.93
20	29.40	18.30	13.47	4.90	1.20	0.00	0.00	0.00	0.57	8.17	14.27	26.03
21	28.90	16.97	14.07	4.73	1.43	0.00	0.00	0.00	0.63	7.30	16.23	25.10
22	27.37	18.60	14.53	4.93	1.37	0.03	0.00	0.00	1.07	8.07	17.37	24.70
23	27.03	18.40	13.47	5.97	0.77	0.00	0.00	0.00	1.97	8.67	17.43	24.50
24	25.50	19.80	12.10	6.23	0.50	0.00	0.00	0.00	1.97	8.10	17.20	27.33
25	27.70	20.80	10.73	4.53	0.53	0.00	0.00	0.00	1.73	8.63	17.07	29.40
26	27.90	20.00	11.17	4.53	0.57	0.00	0.00	0.00	1.23	7.97	16.80	28.83
27	27.70	19.40	10.30	4.53	0.60	0.00	0.00	0.00	1.70	9.70	15.63	25.27
28	24.70	19.00	9.67	5.10	0.67	0.00	0.00	0.03	1.97	10.60	15.50	23.93
29	23.40	5.53	10.40	4.77	0.83	0.00	0.00	0.03	2.47	10.83	19.73	24.90
30	23.20		10.07	2.73	0.63	0.00	0.00	0.00	2.80	8.90	19.97	25.10
31	24.40		11.80		0.60		0.00	0.00		7.83		23.40
Calendar Total	**812**	**627**	**444**	**216**	**57**	**2**	**0**	**0**	**21**	**194**	**457**	**742**
Cycle Total	**789**	**792**	**512**	**329**	**121**	**20**	**0**	**0**	**1**	**81**	**338**	**590**

NON-LEAP YEAR TOTAL	**3,573**
LEAP YEAR TOTAL	**3,590**

Note: Degree Days for February 29 must be multiplied by 4 to arrive at the true DDD for this day.

NOTE: AVERAGE IS FOR THE 30 YEAR PERIOD ENDED: March, 2012.

WHN Consulting

Atmos Energy Corporation

NASHVILLE 30 YEAR DAILY NORMAL HEATING DEGREE DAYS

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	25.13	21.83	19.10	11.23	2.77	0.30	0.00	0.00	0.00	2.70	8.03	21.20
2	24.77	22.23	17.30	8.73	2.63	0.13	0.00	0.00	0.00	2.77	10.13	21.20
3	25.13	23.93	19.40	8.47	4.27	0.13	0.00	0.00	0.00	3.10	12.00	19.80
4	24.67	25.57	16.93	10.00	4.47	0.13	0.00	0.00	0.00	2.73	12.57	20.87
5	25.77	26.73	16.50	11.03	2.97	0.07	0.00	0.00	0.10	3.07	13.00	22.93
6	24.77	26.03	16.23	10.70	2.27	0.10	0.00	0.00	0.37	3.50	14.77	24.47
7	25.33	25.93	16.07	9.33	1.73	0.10	0.00	0.00	0.03	4.60	13.07	24.30
8	26.97	25.23	15.73	8.37	1.87	0.00	0.00	0.00	0.10	4.13	12.40	22.07
9	25.60	25.03	17.40	10.13	1.63	0.00	0.00	0.00	0.00	3.57	11.53	21.43
10	25.47	24.73	18.90	9.03	1.73	0.07	0.00	0.00	0.00	3.73	13.37	22.53
11	26.73	24.43	17.27	6.40	1.47	0.00	0.00	0.00	0.00	4.40	14.07	22.53
12	24.67	25.53	15.53	6.47	1.20	0.03	0.00	0.00	0.00	4.23	15.57	23.63
13	25.43	24.87	14.37	6.63	1.70	0.17	0.00	0.10	0.10	4.43	14.80	22.73
14	26.93	21.77	14.37	5.50	1.63	0.00	0.00	0.00	0.23	5.37	13.97	21.90
15	28.30	21.57	13.50	7.10	1.70	0.00	0.00	0.00	0.23	5.07	14.17	21.63
16	27.17	21.93	13.97	7.47	2.20	0.00	0.00	0.00	0.43	5.90	15.83	23.57
17	26.33	22.67	12.77	7.50	1.77	0.00	0.00	0.00	0.27	5.77	17.17	23.27
18	28.13	21.23	11.53	6.03	1.57	0.00	0.00	0.00	0.00	5.77	15.63	24.57
19	29.77	20.70	12.63	4.93	1.33	0.00	0.00	0.00	0.27	7.63	13.00	25.30
20	29.13	18.20	12.57	4.60	1.17	0.00	0.00	0.00	0.40	7.80	13.67	25.77
21	29.03	16.37	14.73	5.13	1.30	0.03	0.00	0.00	1.20	6.53	15.77	24.70
22	26.83	19.37	14.10	4.53	1.20	0.03	0.00	0.00	1.53	6.97	16.73	24.93
23	26.13	19.27	12.17	5.20	0.43	0.00	0.00	0.00	1.83	7.17	16.43	26.10
24	25.57	20.37	12.13	4.93	0.27	0.00	0.00	0.00	1.77	7.97	17.43	28.10
25	27.73	21.00	11.07	3.97	0.63	0.00	0.00	0.00	1.27	7.83	15.90	31.10
26	27.97	20.27	10.50	4.07	0.27	0.00	0.00	0.00	1.63	7.57	14.97	28.87
27	27.63	19.13	10.03	4.70	0.47	0.00	0.00	0.00	2.10	8.83	14.50	23.40
28	25.97	20.43	9.20	4.63	0.47	0.00	0.00	0.03	1.77	9.90	17.47	23.10
29	23.93	4.93	10.30	3.80	0.67	0.00	0.00	0.07	2.03	9.00	18.50	24.13
30	24.70		11.27	2.70	0.53	0.00	0.00	0.00	2.37	7.60	19.27	23.53
31	25.03		10.90		0.43		0.00	0.00		6.37		22.33
Calendar Total	**817**	**631**	**438**	**203**	**49**	**1**	**0**	**0**	**20**	**176**	**436**	**736**
Cycle Total	**788**	**796**	**514**	**319**	**108**	**16**	**0**	**0**	**1**	**76**	**312**	**575**

NON-LEAP YEAR TOTAL	**3,508**
LEAP YEAR TOTAL	**3,523**

Note: Degree Days for February 29 must be multiplied by 4 to arrive at the true DDD for this day.

NOTE: AVERAGE IS FOR THE 30 YEAR PERIOD ENDED: March, 2012.

Atmos Energy Corporation
PADUCAH 30 YEAR DAILY NORMAL HEATING DEGREE DAYS

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	28.47	24.93	21.23	11.60	3.83	0.40	0.00	0.00	0.10	2.93	9.43	23.50
2	28.10	26.10	19.73	9.60	4.20	0.17	0.00	0.00	0.00	3.53	12.67	22.20
3	27.50	27.40	22.57	9.27	4.53	0.33	0.00	0.00	0.00	3.57	14.73	22.13
4	27.80	28.33	20.23	11.57	3.80	0.47	0.00	0.00	0.13	3.57	15.57	22.73
5	29.63	29.53	18.40	12.23	2.43	0.20	0.00	0.00	0.13	4.20	15.53	24.67
6	28.23	28.70	18.07	12.13	2.57	0.33	0.00	0.00	0.27	5.27	16.33	26.10
7	29.17	28.53	17.97	10.07	1.80	0.13	0.00	0.03	0.27	5.07	14.27	25.90
8	30.47	28.50	17.80	10.23	2.00	0.00	0.00	0.00	0.00	4.67	13.37	25.30
9	28.87	28.93	19.97	11.77	1.40	0.07	0.00	0.00	0.10	4.33	12.93	26.33
10	29.60	26.67	21.07	9.73	1.80	0.03	0.00	0.00	0.07	5.30	14.07	25.70
11	28.90	26.87	19.17	7.17	2.00	0.00	0.00	0.07	0.13	5.67	15.93	26.13
12	26.23	28.63	16.53	7.90	1.77	0.07	0.00	0.10	0.00	5.17	16.63	27.03
13	28.83	26.73	15.73	7.50	2.10	0.03	0.00	0.13	0.33	6.33	17.13	26.23
14	30.27	24.00	16.47	7.63	1.57	0.00	0.00	0.10	0.40	7.10	15.53	23.87
15	31.80	24.53	15.27	8.33	2.20	0.00	0.00	0.00	1.27	5.87	17.10	24.83
16	29.33	25.73	16.00	7.80	1.80	0.00	0.00	0.00	0.77	6.33	19.07	27.57
17	28.83	25.67	14.00	7.53	1.60	0.00	0.00	0.00	0.57	6.83	18.63	26.63
18	31.97	23.57	13.07	6.87	1.63	0.00	0.00	0.00	0.27	7.70	16.93	27.77
19	33.00	23.33	14.07	4.63	1.27	0.00	0.00	0.00	0.77	8.70	14.60	29.20
20	32.00	20.17	14.67	5.30	1.43	0.00	0.00	0.00	1.03	8.73	15.27	28.77
21	31.47	20.20	16.00	5.97	1.20	0.07	0.00	0.00	1.93	7.70	17.57	27.10
22	29.57	21.20	14.90	5.47	1.13	0.10	0.00	0.00	1.67	9.00	18.30	27.07
23	28.03	22.00	13.33	5.77	0.50	0.00	0.00	0.00	2.93	9.40	19.07	28.63
24	29.47	23.20	12.57	4.93	0.70	0.00	0.00	0.00	3.17	9.67	20.70	32.17
25	31.27	23.47	13.07	4.47	1.13	0.00	0.00	0.00	2.80	9.47	19.67	33.97
26	31.23	21.73	12.83	4.53	0.57	0.00	0.00	0.00	2.80	8.97	17.50	31.57
27	29.87	21.70	11.53	5.47	0.77	0.00	0.00	0.00	2.83	10.17	17.70	27.53
28	28.87	22.70	10.93	4.70	0.37	0.00	0.00	0.13	2.27	10.63	21.17	26.73
29	26.23	4.97	11.97	3.93	0.63	0.00	0.00	0.10	3.63	10.33	20.33	26.87
30	29.50		12.87	3.03	0.17	0.00	0.00	0.00	3.40	9.37	21.33	26.50
31	28.03		12.60		0.20		0.00	0.00		8.27		26.00
Calendar Total	**913**	**708**	**495**	**227**	**53**	**2**	**0**	**1**	**34**	**214**	**499**	**827**
Cycle Total	**888**	**887**	**580**	**361**	**118**	**17**	**0**	**0**	**3**	**103**	**362**	**650**

NON-LEAP YEAR TOTAL	**3,972**
LEAP YEAR TOTAL	**3,987**

Note: Degree Days for February 29 must be multiplied by 4 to arrive at the true DDD for this day.
NOTE: AVERAGE IS FOR THE 30 YEAR PERIOD ENDED: March, 2012.

ATTACHMENT WHN-4

Revenue Comparison

WHN Consulting

Attachment WHN-4

Schedule 1

Atmos Energy Corporation

Attrition Period Margin & Revenue Summary

Line No.		Bills	MCF Volumes	Billing Demand	Margin
	CAPD:				
1	Residential (210)	1,379,499	7,076,429		$26,082,150
2	Heating & Cooling (211)	22	522		598
3	Small Commercial & Industrial (220)	192,903	5,250,858		16,672,111
4	Experimental School (221)	74	72,667		74,599
5	Public Housing (225)	5,896	46,902		134,029
6	Large Commercial & Industrial (230)	163	174,092		351,391
7	Demand/Commodity (240)	36	203,749	120,000	368,171
8	Interruptible (250)	313	551,490		568,144
9	Transportation (260)	1,127	6,421,770		6,228,516
10	Negotiated (291)	60	1,542,571		560,261
11	Cogeneration (292)	0	1,976		2,005
12	Large Tonnage Air Conditioning (293)	12	22,777		21,755
13	**Total Sales & Transportation**	**1,580,105**	**21,365,803**	**120,000**	**51,063,731**
	Company:				
14	Residential (210)	1,375,687	7,297,427		$26,673,796
15	Heating & Cooling (211)	29	591		725
16	Small Commercial & Industrial (220)	191,653	5,261,605		16,656,897
17	Experimental School (221)	72	67,352		69,243
18	Public Housing (225)	5,774	48,518		136,118
19	Large Commercial & Industrial (230)	175	180,940		366,301
20	Demand/Commodity (240)	36	203,749	120,000	368,171
21	Interruptible (250)	313	551,490		568,144
22	Transportation (260)	1,151	6,421,770		6,235,956
23	Negotiated (291)	60	1,542,571		560,261
24	Cogeneration (292)	0	1,976		2,006
25	Large Tonnage Air Conditioning (293)	12	22,777		21,755
26	**Total Sales & Transportation**	**1,574,962**	**21,600,766**	**120,000**	**51,659,372**
	Difference:				
27	Residential (210)	3,812	-220,998		-$591,645
28	Heating & Cooling (211)	-7	-69		-127
29	Small Commercial & Industrial (220)	1,250	-10,747		15,214
30	Experimental School (221)	2	5,315		5,357
31	Public Housing (225)	122	-1,616		-2,089
32	Large Commercial & Industrial (230)	-12	-6,848		-14,910
33	Demand/Commodity (240)	0	0	0	0
34	Interruptible (250)	0	0		0
35	Transportation (260)	-24	0		-7,440
36	Negotiated (291)	0	0		0
37	Cogeneration (292)	0	0		0
38	Large Tonnage Air Conditioning (293)	0	0		0
39	**Total Sales & Transportation**	**5,143**	**-234,963**	**0**	**-595,641**

SOURCE: CAPD Revenue Workpaper R-1.00.

ATTACHMENT WHN-5

Gas Cost Calculation

Atmos Energy Corporation
ATTRITION PERIOD REVENUE & GAS COST SUMMARY

Tariff	Revenues	Margin	Gas Cost
Residential (210)	$62,741,121	$26,082,150	$36,658,971
Heating & Cooling (211)	2,385	598	1,787
Small Commercial & Industrial (220)	43,943,302	16,672,111	27,271,190
Experimental School (221)	452,009	74,599	377,409
Public Housing (225)	377,001	134,029	242,972
Large Commercial & Industrial (230)	1,258,033	351,391	906,642
Demand/Commodity (240)	1,315,403	368,171	947,231
Interruptible (250)	2,441,555	568,144	1,873,412
Transportation (260)	6,228,516	6,228,516	0
Negotiated (291)	560,261	560,261	0
Cogeneration (292)	2,005	2,005	0
Large Tonnage Air Conditioning (293)	21,755	21,755	0
Total Gas Sales & Transportation	**$119,343,346**	**$51,063,731**	**$68,279,615**
Other Revenues	1,453,532	1,453,532	0
Total Revenues	**$120,796,878**	**$52,517,263**	**$68,279,615**

SOURCE: CAPD Revenue Workpaper R-100-1.00.