

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL OF)
ITS 2016 ANNUAL RATE REVIEW)
FILING PURSUANT TO TENN. CODE) DOCKET NO. 16-00013
ANN. § 65-5-103(D)(6))**

**REBUTTAL TESTIMONY OF GREGORY K. WALLER
ON BEHALF OF ATMOS ENERGY CORPORATION**

I. INTRODUCTION OF WITNESS

1
2 Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

3 A. My name is Gregory K. Waller. I am Manager, Rates and Regulatory Affairs
4 with Atmos Energy Corporation (“Atmos Energy” or “Company”). My business
5 address is 5420 LBJ Freeway, Ste. 1600, Dallas, Texas 75240.

6 Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL
7 BACKGROUND.

8 A. I received a Bachelor of Arts degree in economics from Dartmouth College in
9 1994 and an MBA degree from the University of Texas in 2000. I worked as a
10 management consultant from 1994 to 2003 at Harbor Research in Boston, MA
11 (1994-1996) and Towers Perrin in Dallas, TX (1997-2003). I joined Atmos
12 Energy in 2003 in the Planning and Budgeting Department in Dallas. In
13 November of 2005 I became Vice President of Finance for the Kentucky/Mid-
14 States Division, which includes the Company’s regulated Tennessee operations. I
15 assumed my current role in Dallas, TX in July 2012.

16 Q. WHAT ARE YOUR RESPONSIBILITIES AT ATMOS ENERGY?

1 I am responsible for managing rate proceedings filed primarily with state
2 regulatory bodies on behalf of the Company. My responsibilities include
3 execution of applications for changes to rates and tariffs as part of traditional rate
4 cases, tariff language change proposals, and annual rate making mechanisms that
5 the Company files in the eight states in which it has regulated operations.

6 Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER
7 REGULATORY COMMISSION?

8 A. Yes. I testified before the Tennessee Regulatory Authority (“Authority”) in
9 Docket No. 05-00258 I also submitted testimony in Docket Nos. 07-00105, 08-
10 00197, 12-00064, 14-00081 and 14-00146. I testified before the Kentucky Public
11 Service Commission in 2014 and the Georgia Public Service Commission in
12 2008, 2009 and 2011. And I submitted direct testimony in the Company’s rate
13 proceedings in Kentucky (2006, 2009, 2013 and 2015) and Virginia (2008, 2013
14 and 2014).

15 Q. HAVE YOU REVIEWED THE TESTIMONY OF THE INTERVENING
16 PARTY?

17 A. Yes. I have reviewed the testimony of the Consumer Protection and Advocate
18 Division (CPAD) including that of CPAD witness Mr. Hal Novak.

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20 **II. PURPOSE OF REBUTTAL TESTIMONY**

21 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

22 A. The purpose of my testimony is to respond concerning certain issues raised in the
23 testimony of CPAD witness Mr. Hal Novak by demonstrating that the Company’s

1 filing is in full compliance with its Annual Review Mechanism (“ARM”) tariff.
2 Specifically, I am rebutting comments made by Mr. Novak concerning the docket
3 number of this filing, Mr. Novak’s review of the Company’s filing and requested
4 increase, Mr. Novak’s comments regarding the absence of Company pre-filed
5 testimony, Mr. Novak’s suggestions regarding the Company’s proposed rate
6 design and finally Mr. Novak’s assertions regarding a change in the Company’s
7 forecast methodology for Accumulated Deferred Income Tax (“ADIT”) related to
8 Net Operating Loss Carryforwards (“NOLCs”) made in response to Internal
9 Revenue Service (“IRS”) rulings and mandates released following the Settlement
10 Agreement.
11

12 **III. DOCKET NUMBER ISSUE**

13 **Q. DO YOU AGREE WITH MR. NOVAK’S STATEMENT BEGINNING ON**
14 **PAGE 4 LINE 20 OF HIS TESTIMONY THAT THERE APPEARS TO BE**
15 **A “THRESHOLD ISSUE” THAT ARM METHODOLOGIES CAN ONLY**
16 **BE SPECIFICALLY USED IN DOCKET 14-00146?**

17 **A.** No. Both the Company and the Authority have addressed this assertion, which
18 was raised and resolved in Docket No. 15-00089. As the Company has explained
19 in prior briefing and in response to several CPAD discovery requests in this
20 Docket, the Authority’s Final Order in Docket No. 14-00146 is a binding final
21 order, the Company’s approved ARM Tariff is a properly issued and binding
22 tariff, and both extend to and include the Approved Methodologies, as defined in
23 both. Atmos Energy would further note that the Authority’s Final Order in

1 Docket No. 14-00146 specifically approved the methodologies set-forth in the
2 Settlement Agreement, including the following specific finding: “Furthermore,
3 the panel found that the underlying methodologies employed by the parties in the
4 Settlement Agreement, as reflected in the workpapers and schedules contained in
5 Attachment A of the Agreement, as a whole are based upon sound ratemaking
6 principles applicable to the unique circumstances and settlement of this case.”¹
7 The Company has also responded to Mr. Novak’s “threshold issue” in multiple
8 discovery answers filed in this Docket,² and I would refer back to those responses
9 and the Company’s prior briefing on this issue for further detail.

10 **Q. HAS THIS ISSUE PREVIOUSLY BEEN ADDRESSED BY THE**
11 **AUTHORITY CONCERNING THE COMPANY’S ARM TARIFF AND**
12 **THE SPECIFIC USE OF DOCKET 14-00146?**

13 A. Yes. The Company submitted a petition requesting approval of new depreciation
14 rates pursuant to its approved ARM tariff on September 22, 2015 in Docket No.
15 15-00089.³ The Company specifically requested approval of the new rates for use
16 in the Company’s upcoming annual ARM filing (the matter now under
17 consideration). The CPAD, in a letter dated November 30, 2015, made the same
18 argument that Mr. Novak now suggests is a lingering “threshold issue,” asserting
19 that any methodology adopted or adjustment to depreciation rates approved in
20 Docket 15-00089 would not be useable in connection with or bind the parties in

¹ Docket No. 14-00146, *Order Approving Settlement*, 11/04/15, at 8.

² *See, e.g.*, Docket No. 16-00013, *Atmos’ Responses To The CAD’s Discovery Requests – Set No. 1*, 1-22, 4/05/16.

³ Docket No. 15-00089, *Petition*, 9/22/15.

1 an annual rate review under Docket 14-00146.⁴ The Company, in a letter brief
2 dated December 2, 2015, responded that the Settlement Agreement and the ARM
3 Tariff in Docket No. 14-00146 are binding and enforceable, and that they do not
4 lose their force or effect if future ARM filings may be given a docket number
5 other than 14-00146.⁵ At the Authority Conference held on December 14, 2015,
6 the panel found that, among other things, Atmos Energy's filing for revised
7 depreciation rates was made in accordance with the terms set forth in its approved
8 tariff under its ARM, which was approved by the Authority in Docket No. 14-
9 00146.⁶ In its Final Order dated February 23, 2016, the Authority, after
10 specifically noting the positions of both parties in their letter briefs as described
11 above, approved the Company's filing as filed and found that the proposed
12 depreciation rates are just and reasonable for inclusion in Atmos Energy's ARM
13 going forward.⁷ Thus, despite the CPAD's continued efforts, it appears to me
14 that this issue has been ruled upon and rejected by the Authority and further
15 discussion on this topic is unwarranted. In addition, I would also note that the
16 Company has tried to eliminate any further argument about the CPAD's
17 "threshold issue" by making its 2016 Annual ARM filing (the one under
18 consideration here) under Docket No. 14-00146, the docket in which even the
19 CPAD concedes the approved methodologies are binding.

⁴ Docket No. 15-00089, *Notice of Intent Not to Intervene*, 11/30/15.

⁵ Docket No. 15-00089, *Atmos Energy Response to Consumer Advocate's November 30, 2015 Correspondence*, 12/02/15.

⁶ Docket No. 15-00089, *Order Approving Depreciation Rates*, 12/02/15, at 4 (In fact, the Company originally filed this docket under the original 14-00146 in anticipation of the CPAD's argument, however the Authority itself chose to assign a new docket number to the Company's depreciation filing, which the Authority subsequently approved as filed)

⁷ *Id.* at 3-4.

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IV. MR. NOVAK'S REVIEW OF THE COMPANY'S FILING

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**Q. HAS MR. NOVAK FOUND ANY ERRORS OR IDENTIFIED ANY
CALCULATION INCONSISTENT WITH THE ARM TARIFF OR
SETTLEMENT AGREEMENT AS APPROVED IN DOCKET 14-00146?**

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A. No. Other than a change to the manner in which Company must project ADIT
NOLC amounts to comply with IRS mandates, which I will address in this
rebuttal testimony, Mr. Novak found that "the calculations supporting the
Company's filing appeared to be reasonable, logical and reflected the
methodologies established in Docket 14-00146...."

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**Q. ARE THE RATES INCLUDED IN ATTACHMENT WHN-2 SUBMITTED
BY MR. NOVAK CONSISTENT WITH THE RATES PROPOSED BY THE
COMPANY IN ITS REQUEST?**

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A. Yes.⁸

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V. COMPANY PRE-FILED TESTIMONY

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**Q. PLEASE DISCUSS THE COMPANY'S ARM TARIFF REQUIREMENTS
IN RELATION TO MR. NOVAK'S CONCERN ABOUT THE ABSENCE
OF PRE-FILED COMPANY TESTIMONY IN THIS FILING?**

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A. Section IV(A) of the Company's approved ARM Tariff specifies in detail the
required contents of the ARM filing. The approved ARM Tariff does not require

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⁸ Docket No. 16-00013, *Direct Testimony of William H. Novak*, Attachment WHN-2, 4/11/16. I would note that several times in Mr. Novak's testimony he erroneously characterizes the Company's requested increase as \$4.2 million. The Company's requested increase is \$4.9 million, and Mr. Novak has this amount correctly reflected on both page 12 line 4 of his testimony and Attachment WHN-2.

1 the filing of testimony by the Company with its ARM filing. Instead, the ARM
2 Tariff requires that the Company submit an Attestation with its filing, making
3 certain specified representations and warranties concerning the filing. That
4 provision provides as follows:

5 With each Annual ARM Filing, a Company officer shall, as
6 of the date of each Annual ARM Filing, affirmatively represent
7 and warrant, upon information and belief formed after reasonable
8 inquiry, by signing a certificate("Certificate") under oath: (1) That
9 the Company's Annual ARM Filing has been prepared in
10 accordance with the Approved Methodologies, or that any
11 deviation from or the resolution of any ambiguities in the
12 Approved Methodologies has been affirmatively disclosed and
13 explained in a document attached to such affidavit; (2) That all
14 New Matters have been affirmatively disclosed and explained in a
15 document attached to such affidavit; (3) That the Variance Report
16 (as defined in section IX) includes all matters that are required; (4)
17 That no Disallowed Items have been included in the Company's
18 Annual ARM Filing; (5) That, except as expressly disclosed in a
19 separate schedule dedicated to such disclosure, there have been no
20 additions, deletions, or modifications to the accounts or
21 subaccounts used by the Company as such accounts have been
22 provided to the Authority and Consumer Advocate; (6) That there
23 has been no change in the method of accounting or estimation in
24 any account or subaccount referenced and described in the
25 immediately preceding subsection (5). Atmos Energy Tariff Page
26 34.5.
27

28 **Q. DID THE COMPANY PROVIDE EVERYTHING IN ITS FEBRUARY 1**
29 **FILING AS REQUIRED BY THE ARM TARIFF?**

30 A. Yes.

31 **Q. DID THE CPAD HAVE THE OPPORTUNITY FOR DISCOVERY?**

32 A. Yes. Pursuant to the Settlement Agreement approved by the Final Order in
33 Docket No. 14-00146, nothing limited the CPAD from requesting additional data
34 and/or documents after the Company's ARM filing, and the Company agreed that

1 it would provide any such additional requested data and/or documents within 10
2 business days of such request.⁹ This discovery process shows that a readily
3 available and agreed-upon mechanism was in place for the CPAD and Mr. Novak
4 to quickly work with the Company to resolve any questions concerning the
5 Company's filing. In addition, multiple representatives of the Company met with
6 CPAD staff including Mr. Novak on March 15, 2016 to review and discuss the
7 ARM filing prior to issuance of discovery.

8 **Q. DID THE CPAD SERVE DISCOVERY TO THE COMPANY?**

9 A. Yes. Subsequent to the Company's filing February 1, the CPAD submitted one
10 informal discovery request on March 22, 2016 consisting of thirty-seven
11 questions. The Company filed responses 10 business days thereafter. Per the
12 procedural schedule to this Docket, the Company was available to answer any
13 discovery requests through April 20, 2016.

14 **Q. MR. NOVAK INDICATES THAT TESTIMONY IS IMPORTANT SO**
15 **THAT CUSTOMERS RECEIVE NOTICE OF PROPOSED RATE**
16 **CHANGES (PAGE 11 LINE 3 OF HIS TESTIMONY). DO CUSTOMERS**
17 **RECEIVE NOTIFICATION OF PROPOSED RATE CHANGES AS THEY**
18 **ALWAYS HAVE?**

19 A. Yes. Utility customers receive notice of any change in rates through publication
20 in a newspaper of general circulation. (TRA Chapter Rules (1220.04-.01-.05)).
21 Just as the Company has always done with any request for a rate increase, the
22 Company complied with this Authority Rule and caused to be published notice of

⁹ Docket No. 14-000146, *Order Approving Settlement*, Exhibit A *Stipulation and Settlement Agreement* 13(a)(iii).

1 the proposed change in rates. Proof of such publication was filed with the
2 Authority on April 4, 2016. The Company also provided all workpaper
3 calculations as required by the ARM tariff in its filing.
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5 **VI. RATE DESIGN**

6 **Q. DO YOU AGREE WITH MR. NOVAK’S RECOMMENDATION ON**
7 **PAGE 12 LINE 10 OF HIS TESTIMONY FOR THE AUTHORITY TO**
8 **DEVELOP A SINGLE SURCHARGE RATE TO APPLY TO ALL**
9 **CUSTOMERS AND PRESENT SEPARATELY ON THE CUSTOMER’S**
10 **BILL?**

11 A. No. Tenn. Code Ann. § 65-5-103(d)(6)(A) specifically provides that “A public
12 utility may opt to file for an annual review of its rates based upon the
13 methodology adopted in its most recent rate case pursuant to Tenn. Code Ann. §
14 65-5-101 and subsection (a), if applicable.” The Company’s filing and
15 adjustments to base rates and rate design are in accordance with this provision,
16 whereas Mr. Novak’s recommendation is contrary to the Code as well as the
17 methodology adopted in the Company’s most recent rate case and the ARM tariff.
18 Furthermore, the Company has complied with the terms of its approved ARM
19 Tariff, which specifies how rates will be adjusted. The approved ARM tariff
20 specifically provides that “the Company’s tariff rates shall be adjusted to provide
21 for the Company to earn the Authorized Return on Equity,” that all tariff rates
22 (excluding special contracts) shall be adjusted proportionally, that the Company
23 “shall file revised tariffs reflecting the new rates,” and that the “revised tariff and

1 new rates shall be effective for bills rendered on or after the June 1 immediately
2 following the Annual Filing date.” Atmos Energy Tariff page 34.6.

3 **Q. TO YOUR KNOWLEDGE, HAVE OTHER UTILITIES FILED FOR AN**
4 **ANNUAL REVIEW OF RATES UNDER THIS PROVISION TENN. CODE**
5 **ANN. § 65-5-103(d)(6)?**

6 A. No. Atmos Energy is the first. Despite Mr. Novak’s attempt to compare the
7 Company’s filing and mechanism to other utilities operating under alternative
8 regulation mechanisms, the examples he cites relate to a different section of the
9 Code. Tenn. Code Ann. § 65-5-103(d)(2)(B) allows the Authority to grant
10 recovery and authorize a separate recovery mechanism or adjust rates to recover
11 operational expenses, capital costs or both associated with the investment in such
12 safety and reliability facilities. The mechanisms cited by Mr. Novak address
13 certain limited expenses and investments rather than a comprehensive review of
14 all costs and investment to derive a revenue requirement. The approved Atmos
15 Energy ARM Tariff derives from a different section of the Code, and is not
16 comparable to the alternative regulation mechanisms adopted by Piedmont and
17 Tennessee American Water. The Company’s approved ARM Tariff is the
18 process the Company followed in this filing, and the processes used by other
19 utilities are presumably those required by their approved tariffs.

20 **Q. IS RATE DESIGN ADDRESSED IN THE ARM TARIFF AND THE**
21 **SETTLEMENT AGREEMENT FROM DOCKET 14-00146?**

22 A. Yes. Section VI of the ARM Tariff states that tariff rates shall be adjusted in
23 proportion to the relative adjusted Historic Base Period Revenue share of each

1 class and rate, as specified in the Approved Methodologies. This rate design was
2 used by the Company in its request. In short, the Company complied with the
3 provisions of its approved ARM Tariff.

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5 **VII. NOLC FORECAST**

6 **Q. DOES THE ARM TARIFF AND SETTLEMENT AGREEMENT ADDRESS**
7 **HOW TO APPROACH A DEVIATION IN APPROVED**
8 **METHODOLOGIES?**

9 A. Yes. Section 13.b.(i) of the Settlement Agreement, approved by the Authority's
10 Final Order in Docket No. 14-00146, requires "that any deviation from or the
11 resolution of any ambiguities in the Approved Methodologies has been
12 affirmatively disclosed and explained in a document attached to such affidavit,"
13 referring to the Certificate that the Company is directed to file with its annual
14 ARM filing, as specified in the approved ARM Tariff. The Company followed
15 this process in disclosing the deviation to the Approved Methodology of NOLC in
16 Attachment A of its Certificate in this filing.

17 **Q. DO YOU AGREE WITH MR. NOVAK'S STATEMENT BEGINNING ON**
18 **PAGE 13 LINE 20 OF HIS TESTIMONY THAT THE COMPANY'S**
19 **PROJECTION OF ITS FIXED ASSET RELATED NOLC BALANCE**
20 **CONSTITUTES A "NEW MATTER" AS DEFINED UNDER SECTION**
21 **13.e.(IV) OF THE SETTLEMENT AGREEMENT?**

22 A. No. As discussed in the Company's response to CPAD Data Request 1-07, the
23 Authority's Final Order in Docket No. 14-00146 approved the Settlement
24 Agreement and the methodologies set forth therein. The Settlement Agreement

1 addresses the treatment and forecast methodology of NOLCs on page 23
2 (paragraph 13.k.(ix)): "All other ADIT balances shall be held constant from the
3 end of the Historic Base Period . . .". "All other ADIT balances" refers to those
4 ADIT balances, including NOLC balances, that are not directly related to fixed
5 assets. Because there is a prior determination on the forecast methodology of
6 NOLCs, it is, by definition, not a "New Matter". It is, however, a deviation in the
7 way a rate base item, for which there is a prior determination, must be calculated.
8 Mr. Novak acknowledges several times in his testimony that this is a change in
9 methodology in an area on which there is a prior determination.¹⁰ The
10 methodology deviation disclosed by the Company, as required by the Settlement
11 Agreement in paragraph 13.b.(i), simply addresses a change in the forecast
12 methodology for ADIT NOLCs in response to IRS rulings and mandates released
13 following the Settlement Agreement. Without conceding the argument that the
14 forecast methodology of NOLCs is a deviation, even should the Authority
15 determine this is a "New Matter" then the statutory time frame of 120 days is still
16 applicable to the Company's filing.

17 **Q. IN ADDITION TO RESPONDING TO DATA REQUESTS, DID THE**
18 **COMPANY MEET WITH THE CPAD AND MR. NOVAK TO DISCUSS**
19 **THIS ISSUE?**

20 A. Yes. Pace McDonald, Vice President of Tax for Atmos Energy, and Jennifer
21 Story, Director of Income Tax for Atmos Energy, met with the CPAD and Mr.

¹⁰ See, e.g., Docket No. 16-00013, *Direct Testimony of William H. Novak*, 4/11/16, at 13.

1 Novak on March 15, 2016 to discuss and answer any questions related to the
2 deviation filed by the Company.

3 **Q. WHY IS THE DEVIATION NECESSARY?**

4 A. The Authority's Final Order in Docket No. 14-00146 approved the Settlement
5 Agreement and the methodologies set forth therein. The Settlement Agreement
6 addresses the treatment of NOLCs in paragraph 13.k.(ix): "ADIT balances for
7 Tennessee and each rate division allocable to Tennessee shall include both
8 liability and asset balances including NOLCs." Thus, the inclusion of NOLCs in
9 rate base is not in question in the ARM. The methodology deviation disclosed by
10 the Company, as required by the Settlement Agreement in paragraph 13.b.(i),
11 simply addresses the Company's change in the forecast methodology for ADIT
12 NOLCs in response to IRS rulings released following the Settlement Agreement.
13 The Company explained the necessity of the change in its response to CPAD
14 informal data request 1-06 and I will summarize¹¹.

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16 Treasury Regulation §1.167(l)-1(h)(6)(ii) provides the procedure for determining
17 the amount of the reserve for deferred taxes to be excluded from rate base or to be
18 included as no-cost capital. If, in determining depreciation for ratemaking tax
19 expense, a period (the "test period") is used which is part historical and part
20 future, then the amount of the reserve account for this period is the amount of the
21 reserve at the end of the historical portion of the period and *a pro rata* amount of

¹¹ Mr. Pace McDonald, Vice President of Tax for Atmos Energy, authored the relevant paragraphs of the Company's response to CPAD informal data request 1-06 that I summarize in my testimony. In addition, Mr. McDonald has reviewed and approved the relevant sections of this testimony and will be available at the Hearing on this matter to answer any questions the Authority may have regarding this issue. (See attached affidavit of Mr. McDonald).

1 any projected increase to be credited to the account during the future portion of
2 the period. The pro rata amount of any increase during the future portion of the
3 period is determined by multiplying the increase by a fraction, the numerator of
4 which is the number of days remaining in the period at the time the increase is to
5 accrue, and the denominator of which is the total number of days in the future
6 portion of the period.

7 **Q. WHY DID THE COMPANY NOT PROPOSE THIS METHODOLOGY IN**
8 **ITS ORIGINAL 14-00146 FILING?**

9 A. After the Company's ARM Tariff was approved, the issuance of several Private
10 Letter Rulings ("PLRs") made us aware that our methodology needed to be
11 updated to avoid violating the normalization provisions of the Internal Revenue
12 Code. In this filing the Company has forecasted ADIT in a manner that complies
13 with the normalization provisions of § 1.167(l)-1(h)(6)(i) and (ii). The Company
14 has provided to the CPAD these recent PLRs issued by the IRS and filed them in
15 the docket in this matter.¹² The IRS has been clear that inclusion of the NOLC-
16 related Deferred Tax Asset ("DTA") in rate base is required for normalization.
17 This reflects the true cost-free capital the Company has received from the
18 government. Therefore, the appropriate method for inclusion of the NOLC-related
19 DTA in future test periods is to project it in a manner consistent with projected
20 ADIT. The Company has done so in this filing and the projection of the NOLC
21 ADIT using the proration methodology described above resulted in the deviation
22 to the approved methodologies.

¹² See PLRs 201531010, 201531011, 20153012 (all July 31, 2015), 201532018 (August 7, 2015) and 201541010 (October 9, 2015) filed by the Company in this Docket March 22, 2016.

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VIII. CONCLUSION

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**Q. MR. NOVAK RECOMMENDS SEVERAL TIMES, SUCH AS PAGE 5
LINE 10, PAGE 11 LINE 6, PAGE 12 LINE 20 AND PAGE 14 LINE 6,
THAT THIS DOCKET BE HELD IN ABEYANCE. WHAT DO THE ARM
TARIFF AND THE STATUTE HAVE TO SAY ABOUT THE TIMING OF
THIS DOCKET?**

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¹³ Docket No. 16-00013, *Atmos' Responses To The CAD's Discovery Requests – Set No. 1 (Confidential On File in Docket Office)*, 1-05, 4/05/16.

1 A. The statute imposes a 120-day time limit on this proceeding, from start to finish,
2 stating in relevant part: “the authority shall review the annual filing by the public
3 utility within one hundred twenty (120) days of receipt and order the public utility
4 to make the adjustments to its tariff rates to provide that the public utility earns
5 the authorized return on equity established in the public utility's most recent
6 general rate case pursuant to § 65-5-101 and subsection (a).” Tenn. Code Ann. §
7 65-5-103(d)(6)(C). With the Company’s filing having been made on February 1,
8 this 120-day statutory period would expire May 31.

9 The approved ARM Tariff contains its own specific timing provisions, consistent
10 with this statutory 120-day maximum period. The ARM Tariff provides that each
11 year’s annual ARM filing will be made on February 1. Pursuant to the ARM
12 Tariff, the “Company’s tariff rates shall be adjusted to provide for the Company
13 to earn the Authorized Return on Equity,” and the “new rates shall be effective for
14 bills rendered on or after the June 1 immediately following the Annual Filing
15 Date.” For this case that date is June 1, 2016. The ARM Tariff then calls for an
16 annual reconciliation filing to be made on September 1, to true-up the Company’s
17 actual performance over the just-completed June 1 to May 31 annual period. In
18 September 2016, for example, the Company will make its Annual Reconciliation
19 (true-up) filing for the completed period June 1, 2015, through May 31, 2016.
20 The statute and the Company’s approved ARM Tariff therefore leave no room to
21 hold this matter in abeyance, as Mr. Novak suggests.

22 **Q. HAS THE COMPANY FULLY COMPLIED WITH THE PROVISIONS OF**
23 **THE ARM TARIFF APPROVED BY THE AUTHORITY?**

1 A. Yes.

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

3 A. Yes.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:

PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL OF)
ITS 2016 ANNUAL RATE REVIEW)
FILING PURSUANT TO TENN. CODE)
ANN. § 65-5-103(D)(6))


Docket No. 16-00013

VERIFICATION

STATE OF TEXAS)


COUNTY OF DALLAS)

I, Gregory K. Waller, being first duly sworn, state that I am the Manager of Rates and Regulatory Affairs for Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Rebuttal Testimony of Gregory K. Waller in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.



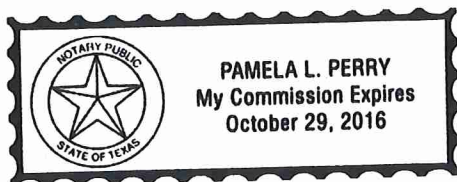
Gregory K. Waller

Sworn and subscribed before me this 13th day of April, 2016



Notary Public

My Commission Expires: 10-29-16



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Docket No. 16-00013

VERIFICATION

STATE OF TEXAS)

COUNTY OF DALLAS)

I, Pace McDonald, being first duly sworn, state that I am the Vice President of Tax for Atmos Energy Corporation, that I have reviewed the relevant sections of the Rebuttal Testimony of Gregory K. Waller as noted in footnote 11 of that Rebuttal Testimony, and that the Rebuttal Testimony of Gregory K. Waller in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.



Pace McDonald

Sworn and subscribed before me this 14th day of April, 2016



Notary Public

My Commission Expires: 10-29-16

