

**BEFORE
THE TENNESSEE REGULATORY AUTHORITY**

Docket No. 16-00105

November 30, 2016

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

IN RE:

ATMOS ENERGY CORPORATION
ANNUAL RECONCILIATION OF
ANNUAL REVIEW MECHANISM

DOCKET NO. 16-00105

AFFIDAVIT

I, William H. Novak, CPA, on behalf of the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


WILLIAM H. NOVAK

Sworn to and subscribed before me
this 30th day of Nov., 2016


NOTARY PUBLIC

My commission expires:

May 6, 2019



ATTACHMENTS

Attachment WHN-1	William H. Novak Vitae
Attachment WHN-2	Capitalized Incentive Compensation
Attachment WHN-3	Interest Expense on Customer Deposits
Attachment WHN-4	Depreciation Expense

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

3 ***A1.*** My name is William H. Novak. My business address is 19 Morning Arbor Place,
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility
5 consulting and expert witness services company.¹
6

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

9 ***A2.*** A detailed description of my educational and professional background is provided
10 in Attachment WHN-1 to my testimony. Briefly, I have both a Bachelor's degree
11 in Business Administration with a major in Accounting, and a Master's degree in
12 Business Administration from Middle Tennessee State University. I am a
13 Certified Management Accountant, and am also licensed to practice as a Certified
14 Public Accountant.
15

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

¹ State of Tennessee, Registered Accounting Firm ID 3682.

1 President of Regulatory Compliance for Sequent Energy Management, a natural
2 gas trading and optimization entity in Texas, where I was responsible for ensuring
3 the firm's compliance with state and federal regulatory requirements.

4
5 In 2004, I established WHN Consulting as a utility consulting and expert witness
6 services company. Since 2004 WHN Consulting has provided testimony or
7 consulting services to state public utility commissions and state consumer
8 advocates in at least ten state jurisdictions as shown in Attachment WHN-1.

9
10 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?***

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

14
15 ***Q4. HAVE YOU PRESENTED TESTIMONY IN ANY PREVIOUS DOCKETS***
16 ***REGARDING ATMOS ENERGY CORPORATION?***

17 ***A4.*** Yes. I've presented testimony in TRA Dockets U-82-7211, U-83-7277, U-84-
18 7333, U-86-7442, 89-10017, 92-02987, 05-00258, 07-00105 12-00064 and 14-
19 00146 concerning cases involving either Atmos Energy Corporation ("Atmos" or
20 "the Company") or its predecessor companies as well as dockets for other generic
21 tariff and rulemaking matters. In addition, I specifically presented testimony
22 concerning the Company's Annual Reconciliation Mechanism ("ARM") tariff
23 that is the subject of this proceeding in Dockets 14-00146 and 16-00013.

1

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

4 **A5.** My testimony will address the calculations supporting the Company's ARM
5 reconciliation with its books and the resulting revenue deficiency.
6

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

9 **A6.** I have reviewed the Company's Petition filed on September 1, 2016, along with
10 the accompanying schedules. I have also reviewed the Company's responses to
11 the data requests submitted by the Consumer Advocate and the TRA Staff. In
12 addition, I reviewed the Settlement Agreement between the Company and the
13 Consumer Advocate in Docket 14-00146 that was incorporated into the TRA's
14 Order in that Docket.
15

16 **Q7. PLEASE EXPLAIN THE OVERALL STRUCTURE OF THE ARM AND**
17 **THE RELIEF THAT ATMOS IS ASKING FROM THE TRA THROUGH**
18 **ITS PETITION.**

19 **A7.** The overall structure for the ARM was agreed to by the Company and the
20 Consumer Advocate in Docket 14-00146 and incorporated into the TRA's order
21 in that Docket. The ARM structure generally provides for an adjustment to rates
22 by incorporating the Company's capital and operating budgets within the
23 methodologies reflected in the Settlement Agreement in Docket 14-00146. In

1 Docket 16-00013, the TRA approved the Company's filing for an increase in rates
2 of \$4,887,864 from its ARM budget filing.²

3
4 The overall structure of the ARM also requires that the revenues received from
5 the ARM to be trued-up to actual costs. This current filing represents the first
6 ARM reconciliation undertaken by the Company since the adoption of new base
7 rates in Docket 14-00146. In this filing, the Company originally asked the TRA
8 to approve an Annual Reconciliation Revenue Requirement of \$5,513,723 and
9 that it be allowed to include this amount in its upcoming ARM budget filing on
10 February 1, 2017. The Company later amended its Annual Reconciliation
11 Revenue Requirement to \$4,750,219 in response to CPAD Data Request 2-13 and
12 TRA Data Request 1-8.

13
14 ***Q8. HAVE YOU REVIEWED THE CALCULATIONS SUPPORTING THE***
15 ***PROPOSED BASE RATES IN THE COMPANY'S ARM***
16 ***RECONCILIATION FILING?***

17 A8. Yes. I reviewed the Company's filing. I also prepared data requests for
18 supplemental supporting information that was not contained in the filing. In
19 addition, I have had continuing discussions with the Company regarding the
20 filing. The purpose of my review was to determine whether the Company's ARM
21 reconciliation was based on actual amounts recorded on its books.

22

² TRA Order in Docket 16-00013, June 13, 2016.

1 ***Q9. WHAT WERE THE RESULTS OF YOUR REVIEW?***

2 A9. Overall, I found that the Company's filing appropriately reconciled the actual
3 revenues, expenses and net investment to the amounts recorded on the Company's
4 ledger. I also found that the reconciliation generally reflected the methodologies
5 established in Docket 14-00146, with the exceptions noted below.

6

7 The Company has already resolved certain errors related to disallowed expenses
8 and pension costs discovered in its original filing through its responses to CPAD
9 Discovery Request 2-13 and TRA Discovery Request 1-8. In addition to these
10 errors, I would also recommend adjustments to the Company's revised filing for
11 capitalized incentive compensation, interest expense on customer deposits, and
12 amortization of gas plant acquisition adjustment. As shown in the CPAD Exhibit,
13 filed with my testimony in this Docket ("CPAD Exhibit") on Schedule 1, these
14 adjustments reduce the Company's revised Reconciliation Revenue Requirement
15 from \$4,750,219 to \$4,675,312.

16

17 ***Q10. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT FOR***
18 ***CAPITALIZED INCENTIVE COMPENSATION.***

19 A10. The TRA has traditionally disallowed the recovery of incentive compensation on
20 the basis that it would be inappropriate to provide prefunding for incentives
21 through increased rates rather than from incrementally efficient operations. In
22 fact, the Company's recovery of incentive compensation was specifically

1 disallowed within the Settlement Agreement of Docket 14-00146 which reads as
2 follows:

3 “Disallowances – The Company shall remove from O&M amounts
4 related to incentive compensation, spousal and dependent travel, and
5 non-deductible dues. Specifically, the Company shall remove
6 allocated net expense amounts for incentive compensation, spousal
7 and dependent travel, and non-deductible dues budgeted in the
8 following sub accounts: 07452, 07458, 07460, 07463, 07454,
9 07450, 05416, and 05412, as well as any subaccounts that in form
10 or substance could constitute a successor or replacement for such
11 subaccount.”³

12 In this reconciliation filing, the Company has appropriately removed all the
13 incentive compensation that was ultimately charged to O&M expense. However,
14 in my review, I also discovered an additional \$10,623,003 in incentive
15 compensation as shown on Attachment WHN-2, that was capitalized to plant in
16 service and therefore included in Rate Base. Of this \$10,623,003 in capitalized
17 incentive compensation, approximately \$467,283 is allocable to Tennessee
18 operations.

19
20 ***Q11. ARE YOU STATING THAT THE COMPANY’S CAPITALIZATION OF***
21 ***INCENTIVE COMPENSATION IS AN ACCOUNTING ERROR?***

22 A11. No. The correct accounting procedure is to capitalize any portion of O&M
23 expense that is appropriately related to capital projects, which the Company has
24 done. However, the Company has inappropriately converted certain O&M
25 incentive expenses which are specifically disallowable for rate setting purposes

³ Settlement Agreement in 14-00146, Paragraph 13(h)(v), filed April 29, 2015, Pages 14-15.

1 into plant in service which it is now seeking to earn a return on and recover in
2 future years.

3
4 Since the origin of these O&M expenses was for incentive compensation, which
5 is specifically disallowed for rate setting purposes, I am recommending to the
6 TRA that any capitalization of these incentives also be disallowed for rate setting
7 purposes. I have therefore excluded capitalized incentive compensation allocated
8 to Tennessee operations of \$467,283 from rate base as shown on CPAD Exhibit,
9 Schedule 2, Line 10. In addition, because this is a permanent ongoing adjustment
10 from the amounts recorded on the Company's books, I would recommend that the
11 TRA direct the Company to include the future impact of capitalized incentive
12 compensation in future reconciliation filings.⁴

13
14 ***Q12. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT FOR***
15 ***INTEREST EXPENSE ON CUSTOMER DEPOSITS.***

16 A12. The purpose of this ARM Reconciliation is to true-up projected costs to actual
17 incurred costs. However, in the Company's filing, a pro forma calculation for
18 Interest Expense on Customer Deposits of \$153,306 was included instead of the
19 actual incurred amount.⁵ As shown on Attachment WHN-3, the total amount of
20 Interest Expense on Customer Deposits recorded on the Company's books for the

⁴ Future filings should specifically show the impact of book depreciation as well as accumulated deferred income taxes.

⁵ Company Workpaper 1-1.

1 twelve months ended May 31, 2016 is \$167,831 which I have included on CPAD
2 Exhibit, Schedule 4, Line 10.

3
4 ***Q13. PLEASE EXPLAIN YOUR RECOMMENDATION FOR***
5 ***AMORTIZATION OF GAS PLANT ACQUISITION ADJUSTMENT.***

6 A13. In their response to TRA Data Request 1-8, the Company included \$11,540,707 in
7 depreciation expense for the 12 months ended May 31, 2016.⁶ As shown on
8 Attachment WHN-4, included within this amount is \$41,816 for the
9 “Amortization of Gas Plant Acquisition Adjustment.” Since no such allowance in
10 Rate Base for a Gas Plant Acquisition Adjustment has ever been approved by the
11 TRA, I have excluded the amortization of this acquisition adjustment from
12 depreciation expense.

13
14 ***Q14. WHAT IS THE IMPACT FROM YOUR ADJUSTMENTS ON THE***
15 ***COMPANY’S REVISED RECONCILIATION?***

16 A14. As shown on CPAD Exhibit, Schedule 1, my total revenue deficiency for the
17 2017 ARM reconciliation calculation is \$4,675,312 which is \$74,907 less than the
18 Company’s revised calculation of \$4,750,219.

19
20 ***Q15. DO YOU HAVE ANY ADDITIONAL CONCERNS REGARDING THE***
21 ***ATMOS ARM MECHANISM?***

⁶ Schedule 1, Line 7.

1 A15. Yes. I do have concerns regarding the exact rate case calculation methodologies
2 that were approved by the TRA in Docket 14-00146 and whether these same
3 calculation methodologies can now be applied to dockets other than 14-00146. I
4 also have concerns over the absence of any independent review for prudence of
5 the Company's operating expenses and capital additions that are included in the
6 ARM mechanism. Finally, I have concerns over an issue raised in the TRA
7 Staff's data request in this Docket regarding the Company's Weather
8 Normalization Adjustment ("WNA") and whether this and other calculation
9 methodologies from Docket 14-00146 may be disregarded in the implementation
10 of the ARM mechanism.

11

12 ***Q16. PLEASE DISCUSS YOUR CONCERNS REGARDING THE SPECIFIC***
13 ***RATE CASE CALCULATION METHODOLOGIES THAT WERE***
14 ***APPROVED IN DOCKET 14-00146.***

15 A16. The Settlement Agreement and the TRA order that established the ARM
16 mechanism state that the rate case calculation methodologies adopted in Docket
17 14-00146 may only be used in that specific Docket, and that those rate case
18 calculation methodologies would not establish a precedent or bind the Consumer
19 Advocate in other dockets. As a result, the rate case calculation methodologies
20 reflected in the Settlement Agreement from Docket 14-00146 do not appear to be
21 specifically usable in this Docket 16-00105.⁷ To explain the legal and practical

⁷ In this Docket 16-00105, I have assumed in my analyses and recommendations that these issues are resolved in a manner that reflects the rate case calculation methodologies adopted in the Settlement Agreement from Docket 14-00146. Also, I do not address the apparent legal issue concerning the use of methodologies that have not been approved for dockets outside of Docket 14-00146.

1 aspects as to over how the rate case calculation methodologies are applied and to
2 address potential conflicts in prior, current, and future dockets, I would
3 recommend that the TRA address and resolve this issue.
4

5 ***Q17. PLEASE DISCUSS YOUR CONCERNS REGARDING THE ABSENCE OF***
6 ***ANY REVIEW FOR PRUDENCE OF THE COMPANY'S OPERATING***
7 ***EXPENSES AND CAPITAL ADDITIONS THAT ARE INCLUDED IN***
8 ***THE ARM MECHANISM.***

9 A17. The Company's ARM reconciliation appropriately calculates and reconciles the
10 actual costs to true-up for recovery from customers. However, there is no
11 procedure or independent support in this docket to confirm that these same costs
12 are indeed prudent expenditures that are appropriate for rate recovery. Because
13 the Company's ARM mechanism is a relatively new regulatory procedure in
14 Tennessee, I would recommend that the TRA give consideration for an outside
15 review of these costs for prudence.
16

17 ***Q18. PLEASE DISCUSS YOUR CONCERNS REGARDING THE TRA STAFF'S***
18 ***DATA REQUEST RELATING TO THE WNA AND WHETHER THE***
19 ***WNA AND OTHER RATE CASE CALCULATION METHODOLOGIES***
20 ***FROM DOCKET 14-00146 ARE SPECIFICALLY BINDING IN THE ARM***
21 ***MECHANISM.***

1 A18. The TRA Staff's data request to the Consumer Advocate raised the issue of
2 whether the WNA should be continued.⁸ In a broader sense, the heart of this issue
3 is whether the rate case calculation methodologies adopted in Docket 14-00146
4 can now be disregarded in the review of the ARM mechanism. As mentioned
5 above, I would recommend that the TRA explain the legal and practical rationale
6 for disregarding provisions in the Settlement Agreement and its own order, and
7 resolve this issue of whether the rate case calculation methodologies adopted in
8 14-00146 need to be specifically followed outside of the rate case docket.
9 Towards that end, I would also recommend that the WNA be terminated because
10 the regulatory burden of overseeing it outweighs its real-time billing advantages.

11

12 ***Q19. DOES THIS COMPLETE YOUR TESTIMONY?***

13 ***A19.*** Yes, it does. However, I reserve the right to incorporate any new information that
14 may subsequently become available.

⁸ The TRA Staff's data request is dated November 15, 2016. The Consumer Advocate's response to that data request was filed on November 22, 2016.

ATTACHMENT WHN-1

William H. Novak Vitae

William H. Novak

19 Morning Arbor Place
The Woodlands, TX 77381

Phone: 713-298-1760

Email: halnovak@whnconsulting.com

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

**Witness & Advisory History for William H. Novak, CPA
Selected Cases**

State	Company/Sponsor	Year	Assignment	Docket
Louisiana	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Arkla	<u>S-32534</u>
	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Entex	<u>S-32537</u>
Tennessee	Louisiana Electric Utilities/Louisiana PSC	2012	Technical Consultant for Impact of Net Meter Subsidy on other Electric Customers	<u>R-31417</u>
	Aqua Utilities	2006	Rate Case Audit - Revenue, Expenses, Rate Base and Rate Design	<u>06-00187</u>
	Atmos Energy Corporation/Atmos Intervention Group	2006	Rate design for Industrial Intervenor Group	<u>05-00258</u>
	Atmos Energy Corporation/Atmos Intervention Group	2007	Rate design for Industrial Intervenor Group	<u>07-00105</u>
	Bristol TN Essential Services	2009	Audit of Cost Allocation Manual	<u>05-00251</u>
	Chattanooga Manufacturers Association	2009	Spokesperson for Industrial Natural Gas Users before the Tennessee State Legislature	<u>HB-1349</u>
	Tennessee-American Water Company/Tennessee AG	2011	Rate Case Audit - Weather Normalization Adjustments	<u>10-00189</u>
	Piedmont Natural Gas Company/Tennessee AG	2011	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	<u>11-00144</u>
	Lynwood Wastewater Utility/Tennessee AG	2012	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	<u>11-00198</u>
	Tennessee-American Water Company/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base, Class Cost of Service Study and Rate Design	<u>12-00049</u>
Alabama	Atmos Energy Corporation/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base and Rate Design	<u>12-00054</u>
	Jefferson County (Birmingham) Wastewater/Alabama AG	In Process	Bankruptcy Filing - Allowable Costs and Rate Design	<u>2009-2318</u>
Illinois	Peoples & North Shore Gas Cos./Illinois Commerce Comm.	2007	Management Audit of Gas Purchasing Practices	<u>06-0556</u>
	Southwestern Public Service Co./New Mexico PRC	2010	Financial Audit of Fuel Costs for 2009 and 2010	<u>09-00351-UT</u>
New York	National Grid/New York PSC	2011	Audit of Affiliate Relationships and Transactions	<u>10-M-0451</u>
Ohio	Ohio-American Water Company/Ohio Consumers' Counsel	2010	Rate Case Audit - Class Cost of Service and Rate Design	<u>09-0391-WS-AIR</u>
	Vectren Energy Delivery of Ohio/Ohio Consumers' Counsel	2008	Rate Case Audit - Class Cost of Service and Rate Design	<u>07-1080-GA-AIR</u>
Texas	Duke Energy-Ohio/Public Utilities Commission of Ohio	2009	Focused Management Audit of Fuel & Purchased Power (FPP Riders)	<u>07-0723-EL-JNC</u>
	Center Point Energy/Texas AG	2009	Rate Case Audit - Class Cost of Service and Rate Design	<u>GUD 9902</u>
Virginia	Aqua Utilities/PPSS Legal Fund	2011	Rate Case Audit - Class Cost of Service and Rate Design	<u>W-218 Sub-319</u>
Washington DC	Washington Gas Light Co./Public Service Comm of DC	2011	Audit of Tariff Rider for Infrastructure Replacement Costs	<u>1027</u>

NOTE: Click on Docket Number to view testimony/report for each case where available.

ATTACHMENT WHN-2

Capitalized Incentive Compensation

ATMOS ENERGY CORPORATION
Capitalized Incentive Compensation
For the 12 Months Ending May 31, 2016

Line No.		Capitalized Incent Comp A/	TN Allocation Factor B/	TN Capital Incent Comp
	Division 02 - General Office:			
1	June 2015	\$ 879,390	4.36%	\$ 38,341
2	July	3,854,108	4.36%	168,039
3	August	4,279	4.36%	187
4	September	0	4.36%	0
5	October	372,863	4.43%	16,518
6	November	409,566	4.43%	18,144
7	December	539,448	4.43%	23,898
8	January 2016	569,980	4.43%	25,250
9	February	489,241	4.43%	21,673
10	March	466,492	4.43%	20,666
11	April	433,797	4.43%	19,217
12	May	2,576,641	4.43%	114,145
13	Total Division 02 - General Office	\$ 10,595,805		\$ 466,078
	Division 12 - Shared Services:			
14	June 2015	\$ 2,477	4.41%	\$ 109
15	July	13,574	4.41%	599
16	August	0	4.41%	0
17	September	0	4.41%	0
18	October	1,179	4.46%	53
19	November	3,323	4.46%	148
20	December	-1,004	4.46%	-45
21	January 2016	1,179	4.46%	53
22	February	1,103	4.46%	49
23	March	1,179	4.46%	53
24	April	1,294	4.46%	58
25	May	2,896	4.46%	129
26	Total Division 02 - General Office	\$ 27,198		\$ 1,205
27	Total Capitalized Incentive Compensation	\$ 10,623,003		\$ 467,283

A/ Company response to CPAD Data Request 1-9.
B/ Company Workpaper 7-1 included with Company's Petition.

ATTACHMENT WHN-3

Interest Expense on Customer Deposits

ATMOS ENERGY CORPORATION
Interest Expense on Customer Deposits
For the 12 Months Ending May 31, 2016

<u>Line No.</u>	<u>Date</u>	<u>Amount</u>	<u>A/</u>
1	June 2015	\$ 11,986	
2	July	12,396	
3	August	12,518	
4	September	12,132	
5	October	12,816	
6	November	12,544	
7	December	13,019	
8	January 2016	18,120	
9	February	16,986	
10	March	18,198	
11	April	17,287	
12	May	9,831	
13	Total Interest Expense on Customer Deposits	\$ 167,831	

A/ Company Trial Balance, Account 4310.30119.

ATTACHMENT WHN-4

Depreciation Expense

ATMOS ENERGY CORPORATION
Depreciation Expense
For the 12 Months Ending May 31, 2016

Line No.		Atmos A/	CPAD B/	Difference
	Depreciation Expense:			
1	02 - General Office	\$ 538,761	\$ 538,761	\$ 0
2	12 - Shared Services	405,578	405,578	0
3	91 - Mid States	47,605	47,605	0
4	93 - Tennessee	10,282,892	10,241,077	41,816
5	Leased Property	265,870	265,870	0
6	Total Depreciation Expense	\$ 11,540,707	\$ 11,498,891	\$ 41,816
	Division 93 Depreciation Expense:			
7	4030 - Depreciation Expense	\$ 10,241,077	\$ 10,241,077	\$ 0
8	4060 - Amortization of Gas Plant Acquisition Adjustment	41,816	0	41,816
9	Total Depreciation Expense	\$ 10,282,892	\$ 10,241,077	\$ 41,816

A/ Company response to TRA Data Request 1-8, Schedule 6.

B/ Attrition Period Trial Balances spreadsheet included with Company Petition, Workpaper 6-1.