

**STATE OF TENNESSEE**

**Office of the Attorney General**



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ATTORNEY GENERAL AND REPORTER

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December 8, 2017

Sharla Dillon  
Docket Manager  
Tennessee Public Utility  
Commission 600 Deaderick Street,  
4th Floor Nashville, Tennessee  
37242-0001

RE: TPUC Docket No. 17-00091 - Petition of Atmos Energy Corporation for Approval of its  
2017 Annual Reconciliation Filing

Dear Ms. Dillon:

The Consumer Advocate today learned that there had been an inadvertent omission in Attachment WHN-2, which was filed in connection with the filing of the Direct Testimony of William H. Novak on December 4, 2017, in this Docket No. 17-00091. While Mr. Novak's testimony addressed a proposed adjustment to gas inventory, that adjustment was not included in Attachment WHN-2.

Attached for filing are copies of the Consumer Advocate's Revised Exhibit (Attachment WHN-2) that corrects the inadvertent omission. This change adjusts the Consumer Advocate's revenue deficiency calculation from \$-3,162,252 to \$-3,174,837.

Please file the attached in TPUC Docket 17-00091 and accept our apology for this inadvertent omission. The original and copies will be delivered shortly.

Sincerely,

A handwritten signature in blue ink that reads "Wayne Irvin".

Wayne Irvin  
Assistant Attorney General

cc: Attached Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Mr. Mark Martin  
VP, Regulatory Affairs  
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Owensboro, KY 42303  
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Atmos Energy Corporation  
P. O. Box 650205  
Dallas, TX 75265-0205  
douglas.walther@atmosenergy.com

This the 8<sup>th</sup> day of December, 2017.



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Wayne M. Irvin

# ATTACHMENT WHN-2

CPAD Exhibit

**BEFORE  
THE TENNESSEE REGULATORY AUTHORITY**

Petition of Atmos Energy Corporation for  
Approval of 2017 Annual Reconciliation  
Filing

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Docket No. 17-00091

**EXHIBIT  
OF  
THE CONSUMER PROTECTION AND ADVOCATE DIVISION  
OF THE  
TENNESSEE ATTORNEY GENERAL'S OFFICE**

*December 4, 2017*

**ATMOS ENERGY CORPORATION**  
**INDEX TO SCHEDULES**  
For the 12 Months Ending May 31, 2017

	<b><u>Schedule</u></b>
Results of Operations	1
Average Rate Base	2
Lead Lag Results	3
Income Statement at Current Rates	4
Taxes Other than Income Income Taxes	5
Excise and Income Taxes	6
Rate of Return Summary	7
Revenue Conversion Factor	8

**ATMOS ENERGY CORPORATION**  
Results of Operations  
For the 12 Months Ending May 31, 2017

Line No.		Rate Case Settlement 14-00146 A/	ARM Reconciliation 16-00105 B/	Atmos ARM Amended 17-00091 C/	CPAD ARM Filing 17-00091 D/
1	Rate Base	\$ 247,958,277	\$ 253,040,062	\$ 278,641,980	\$ 278,025,398
2	Operating Income At Current Rates	18,731,838	15,885,421	20,432,375	20,707,152
3	Earned Rate Of Return	7.55%	6.28%	7.33%	7.45%
4	Fair Rate Of Return	7.73%	7.57%	7.47%	7.47%
5	Required Operating Income	19,167,175	19,155,134	20,814,556	20,768,497
6	Operating Income Deficiency	435,337	3,269,713	382,181	61,345
7	Gross Revenue Conversion Factor	<u>1.634300</u>	<u>1.631900</u>	<u>1.633200</u>	<u>1.640500</u>
8	<b>Revenue Deficiency Before Tax Adj.</b>	<b>\$ <u>711,471</u></b>	<b>\$ <u>5,335,844</u></b>	<b>\$ <u>624,178</u></b>	<b>\$ <u>100,637</u></b>
9	Actual Income Taxes		\$ 7,120,772	\$ 6,579,767	\$ 6,579,767
10	Calculated Income Taxes		<u>8,470,641</u>	<u>9,445,874</u>	<u>9,429,228</u>
11	<b>Income Tax True-Up</b>		<b>\$ <u>-1,349,869</u></b>	<b>\$ <u>-2,866,107</u></b>	<b>\$ <u>-2,849,461</u></b>
12	Revenue Deficiency After Tax Adj.		\$ 3,985,975	\$ -2,241,929	\$ -2,748,824
13	Carrying Cost on Revenue Deficiency (2 Years)		<u>626,318</u>	<u>-347,454</u>	<u>-426,013</u>
14	<b>Total Revenue Deficiency for 2017 ARM</b>		<b>\$ <u>4,612,293</u></b>	<b>\$ <u>-2,589,381</u></b>	<b>\$ <u>-3,174,837</u></b>

A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.

B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.

C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.

Company also includes an alternative filing that excludes actual income taxes paid, resulting in a revenue deficiency of \$+720,733.

D/ CPAD Workpapers.

**ATMOS ENERGY CORPORATION**  
Average Rate Base  
For the 12 Months Ending May 31, 2017

Line No.		<b>Rate Case Settlement 14-00146</b> A/	<b>ARM Reconciliation 16-00105</b> B/	<b>Atmos ARM Amended 17-00091</b> C/	<b>CPAD ARM Filing 17-00091</b> D/
	<b>Additions:</b>				
1	Utility Plant in Service	\$ 478,668,068	\$ 476,544,021	\$ 508,723,937	\$ 508,640,510
2	Construction Work in Progress	8,602,955	8,493,083	12,056,676	12,052,765
3	Gas Inventory	6,384,483	4,684,648	4,109,514	3,963,875
4	Materials & Supplies	5,895	7,377	32,263	32,233
5	Deferred Pension Regulatory Asset	973,868	973,868	324,623	324,623
6	Intercompany Leased Property	5,322,811	5,774,164	5,801,552	5,801,553
7	Working Capital	<u>777,582</u>	<u>1,066,982</u>	<u>1,309,576</u>	<u>1,216,168</u>
8	<b>Total Additions</b>	<b>\$ <u>500,735,662</u></b>	<b>\$ <u>497,544,143</u></b>	<b>\$ <u>532,358,141</u></b>	<b>\$ <u>532,031,726</u></b>
	<b>Deductions:</b>				
9	Accumulated Depreciation	\$ 194,176,859	\$ 189,995,951	\$ 196,886,653	\$ 196,835,636
10	Capitalized Incentive Compensation	0	0	2,475,263	2,475,263
11	Accumulated Deferred Income Taxes	54,842,598	49,647,283	50,667,115	51,008,300
12	Operating Reserves	0	0	0	0
13	Customer Advances for Construction	75,078	76,428	37,337	37,337
14	Customer Deposits	3,632,272	4,717,109	3,596,656	3,596,656
15	Accumulated Interest on Customer Deposits	<u>50,578</u>	<u>67,310</u>	<u>53,137</u>	<u>53,137</u>
16	<b>Total Deductions</b>	<b>\$ <u>252,777,385</u></b>	<b>\$ <u>244,504,081</u></b>	<b>\$ <u>253,716,161</u></b>	<b>\$ <u>254,006,328</u></b>
17	<b>Rate Base</b>	<b>\$ <u>247,958,277</u></b>	<b>\$ <u>253,040,062</u></b>	<b>\$ <u>278,641,980</u></b>	<b>\$ <u>278,025,398</u></b>

A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.

B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.

C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.

D/ CPAD Workpapers.

**ATMOS ENERGY CORPORATION**  
Lead Lag Results  
For the 12 Months Ending May 31, 2017

Line No.		<b>Rate Case Settlement 14-00146 A/</b>	<b>ARM Reconciliation 16-00105 B/</b>	<b>Atmos ARM Amended 17-00091 C/</b>	<b>CPAD ARM Filing 17-00091 D/</b>
1	Revenue Lag	37.50	37.50	37.50	37.50
2	Expense Lag	35.65	33.97	33.58	33.85
3	Net Lag	1.85	3.53	3.92	3.65
4	Daily Cost of Service	\$ 419,234	\$ 302,685	\$ 333,961	\$ 332,951
5	<b>Lead Lag Study</b>	<b>\$ 777,582</b>	<b>\$ 1,066,982</b>	<b>\$ 1,309,576</b>	<b>\$ 1,216,168</b>

- A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.  
B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.  
C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.  
D/ CPAD Workpapers.



**ATMOS ENERGY CORPORATION**  
Income Statement at Current Rates  
For the 12 Months Ending May 31, 2017

Line No.		Rate Case Settlement 14-00146 A/	ARM Reconciliation 16-00105 B/	Atmos ARM Amended 17-00091 C/	CPAD ARM Filing 17-00091 D/
	<b>Operating Revenues:</b>				
1	Gas Sales & Transportation Revenues	\$ 151,467,768	\$ 105,542,954	\$ 120,146,893	\$ 120,141,843
2	Other Revenues	1,136,588	1,040,691	1,111,750	1,116,801
3	AFUDC	66,220	41,170	69,679	69,679
4	<b>Total Operating Revenue</b>	<b>\$ 152,670,576</b>	<b>\$ 106,624,815</b>	<b>\$ 121,328,322</b>	<b>\$ 121,328,323</b>
	<b>Operating &amp; Maintenance Expenses:</b>				
5	Purchased Gas Expense	\$ 87,478,439	\$ 42,105,404	\$ 49,958,064	\$ 49,958,064
6	Operations & Maintenance - Labor	7,915,572	7,710,404	8,010,809	8,010,809
7	Operations & Maintenance - NonLabor	11,179,961	15,301,031	13,989,093	13,709,665
8	<b>Total O&amp;M Expenses</b>	<b>\$ 106,573,972</b>	<b>\$ 65,116,839</b>	<b>\$ 71,957,966</b>	<b>\$ 71,678,539</b>
	<b>Other Expenses:</b>				
9	Depreciation Expense	\$ 12,353,190	\$ 11,498,891	\$ 11,858,675	\$ 11,679,140
10	Interest on Customer Deposits	118,049	167,831	132,163	132,163
11	General Taxes	6,879,384	7,551,324	7,743,266	7,741,392
12	State Excise Taxes	1,328,029	1,061,295	1,525,180	1,556,012
13	Federal Income Taxes	6,686,114	5,343,214	7,678,697	7,833,924
14	<b>Total Other Expenses</b>	<b>\$ 27,364,766</b>	<b>\$ 25,622,555</b>	<b>\$ 28,937,981</b>	<b>\$ 28,942,632</b>
15	<b>Total Operating Expenses</b>	<b>\$ 133,938,738</b>	<b>\$ 90,739,394</b>	<b>\$ 100,895,947</b>	<b>\$ 100,621,171</b>
16	<b>Utility Operating Income</b>	<b>\$ 18,731,838</b>	<b>\$ 15,885,421</b>	<b>\$ 20,432,375</b>	<b>\$ 20,707,152</b>

A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.

B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.

C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.

D/ CPAD Workpapers.

**ATMOS ENERGY CORPORATION**  
Taxes Other than Income Taxes  
For the 12 Months Ending May 31, 2017

Line No.		<b>Rate Case Settlement 14-00146 A/</b>	<b>ARM Reconciliation 16-00105 B/</b>	<b>Atmos ARM Amended 17-00091 C/</b>	<b>CPAD ARM Filing 17-00091 D/</b>
1	Property Taxes	\$ 3,779,448	\$ 4,156,162	\$ 4,473,319	\$ 4,473,334
2	TPUC Inspection Fee	530,084	641,342	552,733	552,733
3	Payroll Taxes	272,080	579,317	615,849	613,960
4	Franchise Tax	622,004	707,000	722,167	722,167
5	Gross Receipts Tax	1,241,962	1,447,204	1,369,230	1,369,230
6	Allocated & Other Taxes	<u>433,806</u>	<u>20,299</u>	<u>9,968</u>	<u>9,968</u>
7	<b>Total</b>	<b>\$ <u>6,879,384</u></b>	<b>\$ <u>7,551,324</u></b>	<b>\$ <u>7,743,266</u></b>	<b>\$ <u>7,741,392</u></b>

- A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.  
B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.  
C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.  
D/ CPAD Workpapers.

**ATMOS ENERGY CORPORATION**  
Excise and Income Taxes  
For the 12 Months Ending May 31, 2017

Line No.		Rate Case Settlement 14-00146 A/	ARM Reconciliation 16-00105 B/	Atmos ARM Amended C/	CPAD ARM D/
1	<b>Operating Revenues</b>	<u>\$ 152,670,576</u>	<u>\$ 106,583,645</u>	<u>\$ 121,258,643</u>	<u>\$ 121,328,323</u>
	<b>Operating Expenses:</b>				
2	Purchased Gas Expense	\$ 87,478,439	\$ 42,105,404	\$ 49,958,064	\$ 49,958,064
3	O&M Expenses	19,095,533	23,011,435	21,999,902	21,720,474
4	Depreciation Expense	12,353,190	11,498,891	11,858,675	11,679,140
5	Interest on Customer Deposits	118,049	167,831	132,163	132,163
6	General Taxes	6,879,384	7,551,324	7,743,266	7,741,392
7	<b>Total Operating Expenses</b>	<u>\$ 125,924,595</u>	<u>\$ 84,334,885</u>	<u>\$ 91,692,070</u>	<u>\$ 91,231,234</u>
8	<b>NOI Before Excise and Income Taxes</b>	<u>\$ 26,745,981</u>	<u>\$ 22,248,760</u>	<u>\$ 29,566,573</u>	<u>\$ 30,097,088</u>
9	AFUDC	66,220	0	0	69,679
10	Interest Expense	6,248,549	5,921,137	6,102,259	6,088,756
11	<b>Pre-tax Book Income</b>	<u>\$ 20,431,212</u>	<u>\$ 16,327,623</u>	<u>\$ 23,464,314</u>	<u>\$ 23,938,653</u>
12	Schedule M Adjustments	20,431,212	16,327,623	23,464,314	23,938,653
13	<b>Excise Taxable Income</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
14	Excise Tax Rate	6.50%	6.50%	6.50%	6.50%
15	<b>Excise Tax Payable</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
16	Excise Tax - Deferred	1,328,029	1,061,295	1,525,180	1,556,012
17	<b>State Excise Tax Expense</b>	<u>\$ 1,328,029</u>	<u>\$ 1,061,295</u>	<u>\$ 1,525,180</u>	<u>\$ 1,556,012</u>
18	<b>Pre-tax Book Income</b>	<u>\$ 20,431,212</u>	<u>\$ 16,327,623</u>	<u>\$ 23,464,314</u>	<u>\$ 23,938,653</u>
19	State Excise Tax Expense	1,328,029	1,061,295	1,525,180	1,556,012
20	Schedule M Adjustments	19,103,184	15,266,327	21,939,133	22,382,640
21	<b>FIT Taxable Income</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
22	FIT Rate	35.00%	35.00%	35.00%	35.00%
23	<b>Federal Income Tax Payable</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
24	FIT - Deferred	6,686,114	5,343,214	7,678,697	7,833,924
25	<b>Federal Income Tax Expense</b>	<u>\$ 6,686,114</u>	<u>\$ 5,343,214</u>	<u>\$ 7,678,697</u>	<u>\$ 7,833,924</u>

A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.  
B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.  
C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.  
D/ CPAD Workpapers.

**ATMOS ENERGY CORPORATION**  
Revenue Conversion Factor  
For the 12 Months Ending May 31, 2017

Line No.		<b>Rate Case Settlement 14-00146</b> A/	<b>ARM Reconciliation 16-00105</b> B/	<b>Atmos ARM Amended 17-00091</b> C/	<b>CPAD ARM Filing 17-00091</b> D/
1	<b>Tax Rates:</b>				
	Forfeited Discounts	0.010971	0.010971	0.012535	0.005558
2	Uncollectible Ratio	0.004117	0.002682	0.004981	0.002530
	State Excise Tax Rate	0.065000	0.065000	0.065000	0.065000
3	Federal Income Tax Rate	0.350000	0.350000	0.350000	0.350000
4					
	Operating Revenues	1.000000	1.000000	1.000000	1.000000
5	Forfeited Discount Adjustment	0.010971	0.010971	0.012535	0.005558
	<b>Balance</b>	<b>1.010971</b>	<b>1.010971</b>	<b>1.012535</b>	<b>1.005558</b>
6					
	Uncollectible Ratio Adjustment	-0.004162	-0.002711	-0.005043	-0.002544
7	<b>Balance</b>	<b>1.006809</b>	<b>1.008260</b>	<b>1.007492</b>	<b>1.003014</b>
8					
	State Excise Tax Adjustment	-0.065443	-0.065537	-0.065487	-0.065196
	<b>Balance</b>	<b>0.941366</b>	<b>0.942723</b>	<b>0.942005</b>	<b>0.937818</b>
9					
	Federal Income Tax Adjustment	-0.329478	-0.329953	-0.329702	-0.328236
10	<b>Balance</b>	<b>0.611888</b>	<b>0.612770</b>	<b>0.612303</b>	<b>0.609582</b>
	<b>Revenue Conversion Factor</b>	<b>1.634300</b>	<b>1.631900</b>	<b>1.633200</b>	<b>1.640500</b>

- A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.  
B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.  
C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.  
D/ CPAD Workpapers.

**ATMOS ENERGY CORPORATION**  
Rate of Return Summary  
For the 12 Months Ending May 31, 2017

Line No.	Class of Capital	Rate Case Settlement 14-00146 A/	ARM Reconciliation 16-00105 B/	Atmos ARM Amended 17-00091 C/	CPAD ARM Filing 17-00091 D/
<b>Capital Structure:</b>					
1	Short-Term Debt	5.01%	8.55%	10.41%	10.41%
2	Long-Term Debt	41.86%	38.11%	35.74%	35.74%
3	Common Equity	53.13%	53.34%	53.85%	53.85%
4	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Capital Cost:</b>					
5	Short-Term Debt	1.07%	1.07%	1.24%	1.24%
6	Long-Term Debt	5.90%	5.90%	5.75%	5.75%
7	Common Equity	9.80%	9.80%	9.80%	9.80%
<b>Weighted Cost:</b>					
8	Short-Term Debt	0.05%	0.09%	0.13%	0.13%
9	Long-Term Debt	2.47%	2.25%	2.06%	2.06%
10	Common Equity	5.21%	5.23%	5.28%	5.28%
11	<b>Total</b>	<b>7.73%</b>	<b>7.57%</b>	<b>7.47%</b>	<b>7.47%</b>
<b>Interest Expense Short-Term Debt:</b>					
12	Rate Base	\$ 247,958,277	\$ 253,040,062	\$ 278,641,980	\$ 278,025,398
13	Short-Term Weighted Debt Cost	0.05%	0.09%	0.13%	0.13%
14	<b>Total Short-Term Debt</b>	<b>\$ 123,979</b>	<b>\$ 227,736</b>	<b>\$ 362,235</b>	<b>\$ 361,433</b>
<b>Interest Expense Long-Term Debt:</b>					
15	Rate Base	\$ 247,958,277	\$ 253,040,062	\$ 278,641,980	\$ 278,025,398
16	Long-Term Weighted Debt Cost	2.47%	2.25%	2.06%	2.06%
17	<b>Total Long-Term Debt</b>	<b>\$ 6,124,569</b>	<b>\$ 5,693,401</b>	<b>\$ 5,740,025</b>	<b>\$ 5,727,323</b>
18	<b>Total Interest Expense</b>	<b>\$ 6,248,549</b>	<b>\$ 5,921,137</b>	<b>\$ 6,102,259</b>	<b>\$ 6,088,756</b>

A/ Attachment A to Stipulation & Settlement Agreement of 4/29/15 in Docket 14-00146.  
B/ Exhibit A to Settlement Agreement of 12/16/16 in Docket 16-00105.  
C/ Company Revised Filing in Docket 17-00091 from CPAD DR4-8.  
D/ CPAD Workpapers.