

**BEFORE
THE TENNESSEE PUBLIC UTILITY COMMISSION**

PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL OF)
ITS 2018 ANNUAL RATE REVIEW)
FILING PURSUANT TO TENN. CODE)
ANN. § 65-5-103(D)(6))

Docket No. 18-00067

)

**DIRECT TESTIMONY
of
WILLIAM H. NOVAK**

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

September 17, 2018

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

ATMOS ENERGY CORPORATION
FOR APPROVAL OF ITS 2018 ANNUAL
RATE REVIEW FILING PURSUANT TO
TENN. CODE ANN. § 65-5-103(d)(6)

DOCKET NO. 18-00067

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 13 day of Sept, 2018.


NOTARY PUBLIC

My commission expires: 12/23/2021



ATTACHMENTS

Attachment WHN-1
Attachment WHN-2

William H. Novak Vitae
Comparison of Current and Proposed Base Rates

1 ***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION***
2 ***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 35 years. Before
17 establishing WHN Consulting, I was Chief of the Energy & Water Division of the
18 Tennessee Public Utility Commission (the Commission) where I had either
19 presented testimony or advised the Commission on a host of regulatory issues for
20 over 19 years. In addition, I was previously the Director of Rates & Regulatory
21 Analysis for two years with Atlanta Gas Light Company, a natural gas
22 distribution utility with operations in Georgia and Tennessee. I also served for

¹ State of Tennessee, Registered Accounting Firm ID 3682.

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

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

10
11 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?***

12 A3. I am testifying on behalf of the Consumer Protection and Advocate Division
13 (Consumer Advocate) of the Office of the Tennessee Attorney General.

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

17 A4. Yes. I have presented testimony in Commission Docket Nos. U-82-7211, U-83-
18 7277, U-84-7333, U-86-7442, 89-10017, 92-02987, 05-00258, 07-00105, 12-
19 00064 and 14-00146 concerning rate cases involving either Atmos Energy
20 Corporation (Atmos) or its predecessor companies as well as dockets for other
21 generic tariff and rulemaking matters. More recently, I presented testimony in
22 Docket Nos. 16-00013, 16-00105, 17-00012 and 17-00091 related to Atmos'
23 Annual Review Mechanism (ARM) that is the subject of this Docket.

1
2 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
3 **PROCEEDING?**

4 A5. My testimony will address the calculations supporting Atmos' proposed changes
5 to its monthly base rates resulting from the adoption of its capital and operating
6 expense budget within the ARM Tariff. The current and proposed base rates
7 resulting from the ARM are included in Attachment WHN-2 to my testimony. I
8 also raise a few concerns with respect to the lack of specific testimony regarding
9 Atmos' proposed capital expenditures.
10

11 **Q6. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCERNS IN**
12 **THIS DOCKET.**

13 A6. My recommendations and concerns are as follows:

- 14 • I have no objection to Atmos' ARM budget filing through May 2019. As a
15 result, I have no objection to the ARM budget filing being approved. I would
16 note, however, that my review of the ARM budget is not an endorsement or
17 recommendation for approval of the current two-step process for the ARM
18 budget and reconciliation. In this Docket, the TPUC Staff has asked the
19 Parties to address the issue of whether the current ARM methodology should
20 be modified; this issue will be addressed by the Consumer Advocate's expert
21 David Dittemore.
22
- 23 • The capital expenditures included in the ARM are based on Atmos' internally
24 approved budgets for the twelve months ended September 30, 2018.
25 However, by design this ARM filing extends to May 31, 2019, which is
26 partially outside of Atmos' approved budget window. In order to bridge the
27 gap between the budget period and the ARM forecast period, Atmos projects
28 its capital expenditures through May 31, 2019 based on methodologies that
29 were not disclosed in the direct testimony of its witnesses. As a result, I
30 recommend that Atmos be required to disclose the basis and resulting impact
31 of these projections within its testimony in future ARM budget filings.
32
33

1 ***Q7. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF***
2 ***YOUR TESTIMONY?***

3 A7. I have reviewed Atmos' Petition filed on June 15, 2018, along with the
4 accompanying schedules. I have also reviewed Atmos' responses to the data
5 requests submitted by the Consumer Advocate in this Docket. In addition, I
6 reviewed the Settlement Agreement between Atmos and the Consumer Advocate
7 in Docket No. 16-00105 that was incorporated into the Commission's Order in
8 that Docket regarding the reconciliation of budget to actual costs for the preceding
9 year. Finally, I reviewed the Settlement Agreement between Atmos and the
10 Consumer Advocate in Docket No. 14-00146 that was incorporated into the
11 Commission's Order in that Docket, as well as Atmos' Petition and the
12 Commission's Order in Docket No. 15-00089 regarding Atmos' rate case and the
13 establishment of the ARM.

14
15 ***Q8. PLEASE EXPLAIN THE RELIEF THAT ATMOS IS ASKING FROM THE***
16 ***COMMISSION THROUGH ITS PETITION.***

17 A8. Atmos is asking the Commission to implement the new base rates shown in
18 Attachment WHN-2, that are established from its budget for the twelve months
19 ending May 31, 2019, through the ARM tariff. The overall structure for the ARM
20 was agreed to by Atmos and the Consumer Advocate in Docket No. 14-00146 and
21 incorporated into the Commission's order in that docket. The ARM structure
22 generally provides for an adjustment to rates by incorporating Atmos' capital and
23 operating budgets within the methodologies reflected in the Settlement

1 Agreement in Docket No. 14-00146. The revenue that Atmos receives from the
2 ARM will then be trued-up to actual costs in a subsequent reconciliation filing.
3 However, even though the budget numbers supporting the proposed base rates
4 will eventually be trued-up to actual costs, the current filing is very important
5 since it establishes the current rates charged to customers.
6

7 ***Q9. HOW MUCH OF A RATE CHANGE IS ATMOS REQUESTING THROUGH***
8 ***ITS ARM TARIFF?***

9 A9. Atmos is actually proposing to decrease its base revenues by approximately
10 \$5.032 million as shown below in Table 1 which provides a comparison of the
11 current ARM proposal along with the revenue deficiency settlements approved by
12 the Commission in prior dockets. The \$5.032 million decrease proposed by
13 Atmos includes the previous ARM true-up of \$382,182 approved by the
14 Commission in Docket No. 17-00091 as well as the impact of the reduction in
15 federal income tax rates from the 2017 Tax Cut and Jobs Act.² Without the
16 adjustment for lower tax rates and other impacts from the Tax Cut and Jobs Act,
17 Atmos would have proposed a rate increase of approximately \$0.561 million.³
18

² The particular issues on the impact of the 2017 Tax Cut and Jobs Act on rates will be addressed in the Atmos Tax Docket, Docket No. 18-00034.

³ Atmos response to the Consumer Advocate Data Request No. 2-1, Schedule 1.

Table 1 -- Revenue Deficiency Comparison⁴				
	14-00146 Settlement	2016 ARM Filing	2017 ARM Filing	2018 ARM Filing
Rate Base	\$247,958,276	\$274,594,688	\$302,952,541	\$351,847,740
Operating Income at Present Rates	18,731,838	18,203,328	21,390,905	28,825,780
Earned Rate of Return	7.55%	6.63%	7.06%	8.19%
Fair Rate of Return	7.73%	7.72%	7.49%	7.26%
Required Operating Income	18,167,175	21,198,710	22,691,145	25,544,146
Operating Income Deficiency	435,337	2,995,382	1,300,241	-3,281,634
Gross Revenue Conversion Factor	1.634300	1.631800	1.636500	1.348700
Current Revenue Deficiency	\$711,471	\$4,887,864	\$2,127,842	\$-4,425,940
Prior Period Reconciliation	0	0	4,612,293	382,182
Excess Deferred Tax Amort.	0	0	0	-988,324
Total Revenue Deficiency	\$711,471	\$4,887,864	\$6,740,135	\$-5,032,082

***Q10. MR. NOVAK, HAVE THERE BEEN ANY SIGNIFICANT CHANGES TO
ATMOS' COST OF SERVICE SINCE THE RATE CASE IN DOCKET NO.
14-00146?***

A10. Yes. As shown in Table 1 above, the projected increase to rate base of approximately \$104 million since the last rate case represents the largest change to Atmos' cost of service since the last rate case. The detailed components of this change in rate base are shown below in Table 2 which provides a comparison of the rate base settlement approved by the Commission in Docket No. 14-00146 along with Atmos' proposed ARM filings in Docket Nos. 16-00013 and 17-00012.

⁴ Atmos response to the Consumer Advocate Data Request No. 1-1, Schedule 1 in Docket No. 16-00013, Schedule 1 of Atmos' 2017 Revenue Requirement Schedules in Docket No. 17-00012, and Schedule 1 of Atmos' 2018 Revenue Requirement Schedules in Docket No. 18-00067.

Table 2 – Rate Base Comparison⁵				
	14-00146 Settlement	2016 ARM Filing	2017 ARM Filing	2018 ARM Filing
Utility Plant in Service	\$478,668,068	\$511,833,913	\$553,915,203	\$601,864,059
Construction Work in Progress	8,602,955	4,749,638	6,897,700	12,608,823
Materials & Supplies/Storage Gas	6,390,378	4,568,910	5,975,586	5,025,016
Working Capital/Deferred Rate Case	777,582	1,062,393	1,545,831	810,036
Intercompany Leased Property	5,322,811	5,480,845	5,313,186	5,287,881
Deferred Pension Expense	973,868	324,623	0	0
Total Additions	\$500,735,661	\$528,020,322	\$573,647,506	\$625,595,815
Accumulated Depreciation	\$194,176,859	\$193,126,102	\$202,597,056	\$211,037,548
Customer Deposits	3,632,272	4,667,865	4,720,013	1,654,367
Contributions & Advances	75,078	76,428	76,428	20,280
Accumulated Deferred Taxes	54,842,598	55,469,331	60,285,092	29,612,036
Deferred Regulatory Asset	0	0	0	27,260,226
Accrued Interest on Deposits	50,578	85,907	89,264	55,303
Capitalized Incentive Compensation	0	0	2,927,113	4,108,314
Total Deductions	\$252,777,385	\$253,425,634	\$270,694,965	\$273,748,073
Rate Base	\$247,958,276	\$274,594,688	\$302,952,541	\$351,847,742

Q11. HAVE ANY PARTICULAR ITEMS CAUSED THIS INCREASE TO ATMOS' RATE BASE?

A11. Yes. As shown in Table 2 above, Atmos' budgeted increase to Utility Plant in Service of approximately \$123 million since the last rate case accounts for nearly all of the increase in rate base. Specifically, Atmos forecasts that its fiscal year 2018 Tennessee capital expenditure budget will be approximately \$52.9 million for the twelve months ending September 30, 2018 as shown below on Table 3.

⁵ Atmos response to the Consumer Advocate's Data Request No. 1-1, Schedule 2 in Docket No. 16-00013, Schedule 2RB of Atmos' response to Consumer Advocate's Data Request No. 2-1 in Docket No. 17-00012, and Schedule 2RB of Atmos' 2018 Revenue Requirement Schedules in Docket No. 18-00067.

Table 3 – Tennessee Division Capital Expenditure Budget⁶ For the 12 Months Ending September 30, 2016, 2017 and 2018			
Item	2016 ARM Budget	2017 ARM Budget	2018 ARM Budget
Equipment	\$499,106	\$518,019	\$428,944
Growth	9,293,702	8,690,031	9,447,735
Information Technology	189,057	216,578	171,115
Public Improvements	2,517,657	5,805,938	10,011,218
Structure	218,815	359,057	664,893
System Improvement	12,900,934	18,830,898	21,238,757
System Integrity	9,628,764	10,045,254	10,960,343
Total	\$35,248,035	\$44,465,775	\$52,923,005

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***Q12. DID YOU REVIEW THE CALCULATIONS SUPPORTING THE PROPOSED
CHANGE TO BASE RATES IN ATMOS' ARM FILING?***

11

12

A12. Yes, I reviewed Atmos' filing for its change to base rates. I also prepared data

13

requests for supplemental supporting information that was not contained in the

14

filing. In addition, I have had continuing discussions with Atmos regarding the

15

filing. The purpose of my review was to determine whether Atmos had a

16

reasonable and logical basis to support its proposed rates. My review did not

⁶ Atmos filing, Relied-Upon Schedules, Schedule O.

1 include more extensive procedures that would typically be included in an audit of
2 Atmos's books and records since, as I mentioned above, these tariffs will be
3 eventually tried-up to the actual costs incurred in a subsequent filing.
4

5 ***Q13. WHAT WERE THE RESULTS OF YOUR REVIEW?***

6 A13. Overall, I found that the calculations supporting Atmos' filing appeared to be
7 reasonable, logical and reflected the methodologies established in Docket No. 14-
8 00146, with the exceptions noted below. In addition, Atmos' calculations are tied
9 to its capital and operating expense budgets with reasonable assumptions and
10 estimates for capital deployment and depreciation.
11

12 ***Q14. DID YOUR REVIEW FIND ANY AREAS OF CONCERN WITH THE***
13 ***ATMOS' PROPOSED TARIFF FILING?***

14 A14. Yes. The capital expenditures included in the ARM filing are based on Atmos'
15 internally approved budgets for the twelve months ended September 30, 2018.
16 However, by design this ARM filing extends to May 31, 2019, which is partially
17 outside of Atmos' approved budget window by eight months. In order to bridge
18 the gap between its approved budget period and the ARM forecast period, Atmos
19 projects its capital expenditures through May 31, 2019 based on methodologies
20 that were not disclosed in testimony.
21

22 ***Q15. HOW DID ATMOS PROJECT ITS CAPITAL EXPENDITURES FROM***
23 ***OCTOBER 2018 THROUGH MAY 2019?***

1 A15. For Division 93 plant additions in Tennessee, Atmos increased its approved
2 budget for fiscal 2018 (October 2017 through September 2018) capital
3 expenditures by 12%, resulting in a \$4.3 million adjustment to plant in service.
4 For Division 91 plant additions that are allocated to Tennessee, Atmos increased
5 its approved budget for fiscal 2018 capital expenditures by 5%, resulting in an
6 insignificant adjustment to plant in service. For Divisions 02 and 12, Atmos
7 made no adjustments.

8
9 ***Q16. WHAT WAS THE BASIS FOR ATMOS' ADJUSTMENT FACTORS OF 12%***
10 ***AND 5% TO THE FISCAL 2018 CAPITAL BUDGET EXPENDITURES?***

11 A16. Atmos states that the 12% adjustment factor for Division 93 is based on its 5-year
12 capital expenditure budget plan.⁷ For Division 91, Atmos states that it has no
13 supporting documentation for the 5% adjustment factor.⁸

14
15 ***Q17. WHAT IS YOUR RECOMMENDATION FOR HOW THE COMMISSION***
16 ***SHOULD TREAT THESE ADJUSTMENTS TO THE FISCAL 2018***
17 ***CAPITAL EXPENDITURE BUDGET?***

18 A17. While not specifically addressed in testimony, I have no objection to including
19 both the 12% and 5% adjustment factors to the budgeted fiscal 2018 capital
20 expenditures since they are both within the parameters of Atmos' actual capital
21 expenditures since the last rate case. For this reason, I am not recommending any
22 adjustment to these factors at this time. However, I do recommend in future

⁷ Atmos responses to the Consumer Advocate's Data Requests Nos. 1-44 and 3-4.

⁸ Atmos response to the Consumer Advocate's Data Request No. 3-5.

1 ARM budget filings, that Atmos be required to disclose the source and support in
2 its direct testimony for any adjustments to the approved capital budgets.
3

4 ***Q18. DOES THIS COMPLETE YOUR TESTIMONY?***

5 ***A18.*** Yes, it does. However, I reserve the right to incorporate any new data that may
6 subsequently become available.

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 thirty-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. WHN Consulting is a “complete needs” utility regulation firm able to provide clients with assistance in all areas of utility rate analysis. Since 2004, WHN Consulting has provided assistance to public utility commissions and state consumer advocates in over ten state jurisdictions. Some of the topics and issues that WHN Consulting has presented testimony for include net metering, alternative rate regulation, revenue requirement calculations in rate cases, class cost of service studies, rate design, deferred income tax calculations, purchased gas costs, purchased power costs, and weather normalization studies.

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 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 Akla	<u>S-32534</u>
	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Entex	<u>S-32537</u>
	Louisiana Electric Utilities/Louisiana PSC	2012	Technical Consultant for Impact of Net Meter Subsidy on other Electric Customers	<u>R-31417</u>
Tennessee	Aqua Utilities/Aqua Utilities	2006	Presentation of Rate Case on behalf of Aqua Utilities	<u>06-00187</u>
	Atmos Energy Corporation/Atmos Intervention Group	2007	Rate design for Industrial Intervenor Group	<u>07-00105</u>
	Bristol TN Essential Services/BTES	2009	Audit of Cost Allocation Manual	<u>05-00251</u>
	Chattanooga Manufacturers Association/CMA	2009	Spokesperson for Industrial Natural Gas Users before the Tennessee State Legislature	<u>HB-1349</u>
	Piedmont Natural Gas Company/Tennessee AG	2011	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	<u>11-00144</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>
	Tennessee-American Water Company/Tennessee AG	2013-2017	Alternative Regulation - Audit of Budget & True-up Filings, Rate Design	<u>16-00126</u>
	Piedmont Natural Gas Company/Tennessee AG	2013-2017	Alternative Regulation - Audit of Budget & True-up Filings, Rate Design	<u>16-00140</u>
	Piedmont Natural Gas Company/Tennessee AG	2014	Audit of Recovery of Compressed Natural Gas Infrastructure Costs	<u>14-00086</u>
	Piedmont Natural Gas Company/Tennessee AG	2014	Audit of Accumulated Deferred Federal Income Tax	<u>14-00017</u>
	Atmos Energy Corporation/Tennessee AG	2014	Rate Case Audit - Revenues, O&M Expenses, Rate Base and Rate Design	<u>14-00146</u>
	Atmos Energy Corporation/Tennessee AG	2015-2017	Alternative Regulation - Audit of Budget & True-up Filings, Rate Design	<u>16-00105</u>
	B&W Gas Company/B&W	2015	Presentation of Rate Case on behalf of B&W Gas Company	<u>15-00042</u>
	AEP & Kingsport Power/Tennessee AG	2015	Audit of Storm Costs and Rate Recovery	<u>15-00024</u>
	AEP & Kingsport Power/Tennessee AG	2016	Rate Case Audit - Revenue, Rate Base, Class Cost of Service Study & Rate Design	<u>16-00001</u>
Alabama	Jefferson County (Birmingham) Wastewater/Alabama AG	2013	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>
New Mexico	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>
	Duke Energy-Ohio/Public Utilities Commission of Ohio	2009	Focused Management Audit of Fuel & Purchased Power (FPP Riders)	<u>07-0723-EL-UNC</u>
Texas	Center Point Energy/Texas AG	2009	Rate Case Audit - Class Cost of Service and Rate Design	<u>GUD 9902</u>
	Sharyland Utilities/St. Lawrence Cotton Growers Assn.	2017	Rate Case Audit - Class Cost of Service and Rate Design	<u>PLUC 45414</u>
	Aqua Utilities/PSS 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>
NARUC	National Association of Regulatory Utility Commissioners	2015	Presentation of Regulatory Issues with Net Metering Customers on Rates of Electric Utilities	

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

ATTACHMENT WHN-2

Comparison of Current and Proposed Base Rates

Atmos Energy Corporation
Comparison of Existing and Proposed Rates

Attachment WHN-2

Rate Schedule	14-00146 Settlement	16-00013 ARM Filing	17-00012 ARM Filing	18-00067 ARM Filing	Percent Increase
Residential:					
Regular Winter Customer Charge	\$17,150	\$18,300	\$19,750	\$18,650	8.75%
Regular Summer Customer Charge	14,150	15,300	17,750	16,650	17.67%
Regular Commodity Charge per Mcf	1.218	1.322	1.409	1.291	5.99%
Heating & Cooling Customer Charge	14,150	15,300	16,750	15,750	11.31%
Heating & Cooling Commodity Charge per Mcf	0.719	0.769	0.848	0.788	9.60%
Public Housing Winter Customer Charge	17,150	18,300	19,750	18,650	8.75%
Public Housing Summer Customer Charge	14,150	15,300	17,750	16,650	17.67%
Public Housing Commodity Charge per Mcf	1.218	1.322	1.409	1.291	5.99%
Commercial & Industrial Sales Service:					
Small Commercial Customer Charge	36,150	37,800	42,000	39,000	7.88%
Small Commercial Commodity Charge per Mcf	2.333	2.548	2.779	2.607	11.74%
Large Commercial Customer Charge	385,000	405,000	445,000	420,000	9.09%
Large Commercial Commodity Charge	2.057	2.224	2.450	2.285	11.08%
School Customer Charge	36,150	37,800	42,000	39,000	7.88%
School Commodity Charge	1.146	1.234	1.354	1.267	10.56%
Commercial & Industrial Transportation Service:					
Customer Charge	435,000	440,000	455,000	440,000	1.15%
Demand Charge per Mcf	16.283	16.283	16.283	16.283	0.00%
Commodity Charge 1 - 2,000 Mcf	1.153	1.246	1.373	1.281	11.10%
Commodity Charge 1 - 2,000 Mcf ED Discount	0.865	0.935	1.030	0.961	11.10%
Commodity Charge 2,000 - 50,000 Mcf	0.763	0.825	0.909	0.848	11.14%
Commodity Charge 2,000 - 50,000 Mcf ED Discount	0.572	0.619	0.682	0.636	11.19%
Commodity Charge Over 50,000 Mcf	0.353	0.382	0.421	0.393	11.33%
Commodity Charge Over 50,000 Mcf ED Discount	0.265	0.286	0.316	0.295	11.32%
Small Commercial Firm Commodity Charge	2.333	2.548	2.779	2.607	11.74%
Large Commercial Firm Commodity Charge	2.057	2.224	2.450	2.285	11.08%
Cogeneration & Large A/C Customer Charge	36,150	37,800	42,000	39,000	7.88%
Special Contract Customers	Various	Various	Various	Various	0.00%
Total	\$64,178,516	\$69,066,354	\$76,056,777	\$72,303,002	12.66%

SOURCE: Company Filings, Schedules 11-3 and 11-4.