

**BEFORE
THE TENNESSEE PUBLIC UTILITY COMMISSION**

Docket No. 19-00076

ON BEHALF OF

**THE CONSUMER PROTECTION UNIT
OF THE
OFFICE OF THE TENNESSEE ATTORNEY GENERAL**

February 18, 2020

TABLE OF CONTENTS

I.	PENSION FUNDING.....	10
II.	RATE DESIGN	14

ATTACHMENTS

Attachment WHN-1	William H. Novak Vitae
Attachment WHN-2	Consumer Advocate Exhibit
Attachment WHN-3	Atmos Pension Funding Calculation
Attachment WHN-4	Atmos Pension Net Assets & Required Contribution
Attachment WHN-5	Novak Prior Testimony on Pension Policy
Attachment WHN-6	TPUC Pension Policy in Docket No. 18-00017
Attachment WHN-7	Consumer Advocate Proposed Rate Design

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 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?***

12 ***A3.*** I am testifying on behalf of the Consumer Advocate Unit (Consumer Advocate)
13 of the Office of the Tennessee Attorney General.

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

17 ***A4.*** Yes. I've presented testimony in TPUC Docket Nos. U-82-7211, U-83-7277, U-
18 84-7333, 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 Company) or its predecessor companies as well as dockets for other generic tariff
21 and rulemaking matters. In addition, I previously presented testimony concerning
22 Atmos' Annual Reconciliation Mechanism (ARM) tariff that is the subject of this

1 proceeding in TPUC Docket Nos. 14-00146, 16-00013, 16-00105, 17-00012, 17-
2 00091, 18-00067 and 18-00097.

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

6 ***A5.*** My testimony will address issues and concerns with respect to Atmos' proposed
7 ARM reconciliation in this Docket with its books and records, including the
8 calculations supporting that reconciliation and the resulting revenue deficiency or
9 surplus. I will also address the implementation of new rates resulting from the
10 ARM reconciliation.

11
12 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF***
13 ***YOUR TESTIMONY?***

14 ***A6.*** I have reviewed the Company's Petition filed on August 30, 2019, along with the
15 accompanying schedules as well as the later amendment and revisions to these
16 schedules.² I have also reviewed Atmos' responses to the data requests submitted
17 by the Consumer Advocate in this Docket. In addition, I reviewed the Stipulation
18 and Settlement Agreement (14-00146 Settlement Agreement) between the
19 Company and the Consumer Advocate in Docket No. 14-00146, which was
20 incorporated into the Commission's Order in that Docket, and modifications in
21 subsequent dockets that have been made to the relevant Approved Methodologies
22 as defined in the 14-00146 Settlement Agreement. Finally, I reviewed the

² Atmos responses to Consumer Advocate Discovery Requests 1-1, 1-4 and 1-7 with revision to original schedules for correction of errors.

1 Stipulation and Settlement Agreement (18-00112 Settlement Agreement) between
2 the Company and the Consumer Advocate in Docket No. 18-00112, which was
3 incorporated into the Commission's Order in that Docket and combined the ARM
4 reconciliation and budget filings into a single annual proceeding.

5
6 ***Q7. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCERNS***
7 ***IN THIS DOCKET.***

8 ***A7.*** My recommendations and concerns are summarized as follows:

- 9 • I recommend that the Commission reject Atmos' inclusion of approximately
10 \$825,000 in net Tennessee allocated pension funding for recovery through the
11 ARM reconciliation since the current pension plan is overfunded and Atmos'
12 contribution to the plan was greater than the minimum required contribution
13 of \$0.
14
- 15 • I recommend that the Commission adopt the Consumer Advocate's revenue
16 surplus calculation for the 12 months ended May 31, 2019 that results in
17 revenue surplus of \$244,136 as shown on Attachment WHN-2. This revenue
18 surplus reflects the removal of pension funding from Atmos' revenue
19 deficiency calculation of \$713,614.³
20
- 21 • I recommend that the Commission adopt the Consumer Advocate's rate
22 design to be effective June 1, 2020 as shown on Attachment WHN-7 that
23 reflects a reduction in rates and revenue of \$244,136.
24

25 ***Q8. PLEASE EXPLAIN THE OVERALL STRUCTURE OF THE ARM AND***
26 ***THE RELIEF THAT ATMOS IS ASKING FROM THE COMMISSION***
27 ***THROUGH ITS PETITION.***

28 ***A8.*** The initial overall structure for the ARM was agreed to by Atmos and the
29 Consumer Advocate in Docket No. 14-00146 and incorporated into the

³ Atmos updated revenue requirement model submitted in response to Consumer Advocate Discovery Request No. 2-1, Schedule 1.

1 Commission's order in that Docket. Up to this point, the ARM structure has
2 generally provided for an adjustment to rates by incorporating Atmos' capital and
3 operating budgets within the methodologies reflected in the Settlement
4 Agreement in Docket No. 14-00146 which were then trued-up to actual costs.
5 However, beginning with this Docket, the initial ARM structure has now changed
6 in accordance with the terms of Docket No. 18-00112 to combine the separate
7 budget and reconciliation filings into a single annual filing. As a result of this
8 change, new rates from this ARM reconciliation filing will be implemented on
9 June 1, 2020 without the need for a separate ARM budget filing.

10
11 Since the establishment of the ARM in Docket No. 14-00146,⁴ Atmos has
12 increased the rates paid by Tennessee consumers by approximately \$3.3 million
13 as shown below on Table 1.

14

⁴ The increase in rates in Docket No. 14-00146 was \$711,472, which was significantly less than Atmos' original request in that Docket of approximately \$5.89 million.

Table 1 – ARM Rate Adjustments		
Docket No.	Docket Type	Amount
16-00013	Budget	\$4,887,864 ⁵
16-00105	Reconciliation	4,612,293 ⁶
17-00012	Budget	2,127,842 ⁷
17-00091	Reconciliation	382,182 ⁸
18-00067	Budget	-5,414,179 ⁹
18-00097	Reconciliation	-4,053,984 ¹⁰
19-00018	Budget	23,824 ¹¹
19-00076-Atmos Proposed	Single Filing	713,614 ¹²
Total		\$3,279,456

1

2 ***Q9. HAS ATMOS ADJUSTED THE RECONCILIATION AMOUNT***

3 ***CONTAINED IN ITS INITIAL FILING IN THIS DOCKET?***

4 A9. Yes. In its Petition, Atmos requested the Commission to approve an ARM
5 reconciliation of \$726,325, that has since been revised to \$713,614 in order to
6 correct certain offsetting errors. Specifically, errors in Atmos' original filing
7 related to short-term debt, gas inventory and working capital were corrected and a
8 revised reconciliation was submitted.¹³

9

10 ***Q10. HOW WAS THE REVISED RECONCILIATION AMOUNT OF \$713,614***

11 ***CALCULATED?***

⁵ Commission Order in Docket No. 16-00013, Page 4.

⁶ Commission Order in Docket No. 16-00105, Page 4.

⁷ Commission Order in Docket No. 17-00012, Page 7.

⁸ Commission Order in Docket No. 17-00091, Page 14.

⁹ Commission Order in Docket No. 18-00067, Page 9 consisting of a revenue surplus of \$4,425,855 and an expense credit of \$988,324 and excluding the \$382,182 revenue deficiency in Docket No. 17-00091.

¹⁰ Commission Order in Docket No. 18-00097, Page 9.

¹¹ Commission Order in Docket No. 19-00018, Page 11

¹² Atmos updated revenue requirement model in response to Consumer Advocate Discovery Request 2-1 in Docket No. 19-00076.

¹³ See Atmos responses to Consumer Advocate Discovery Requests 2-1, 2-12 and 2-14.

A10. Atmos' proposed reconciliation amount of \$713,614 was calculated in accordance with the terms of Commission Docket Nos. 14-00146 and 18-00112. The overall methodology for the reconciliation calculation is shown below in Tables 2 and 3 which provide a comparison of the current ARM proposal along with the revenue deficiency/surplus settlements approved by the Commission in prior dockets.

Table 2 – Revenue Deficiency Comparison 2014-2017			
Item	14-00146 Settlement¹⁴	2016 ARM Filing¹⁵	2017 ARM Filing¹⁶
Rate Base	\$247,958,276	\$274,594,688	\$302,952,541
Operating Income at Present Rates	18,731,838	18,203,328	21,390,905
Earned Rate of Return	7.55%	6.63%	7.06%
Fair Rate of Return	7.73%	7.72%	7.49%
Required Operating Income	19,167,175	21,198,710	22,691,145
Operating Income Deficiency	435,337	2,995,382	1,300,241
Gross Revenue Conversion Factor	1.634300	1.631800	1.636500
Current Revenue Deficiency	\$711,471	\$4,887,864	\$2,127,842
Prior Period Reconciliation	0	0	4,612,293
Excess Deferred Tax Amort.	0	0	0
Carrying Costs	0	0	0
Total Revenue Deficiency	\$711,471	\$4,887,864	\$6,740,135

¹⁴ Commission Order in Docket No. 14-00146, Page 4.

¹⁵ Schedule 1 of Atmos' 2016 Revenue Requirement Schedules in Docket No. 16-00013.

¹⁶ Schedule 1 of Atmos' 2016 Revenue Requirement Schedules in Docket No. 17-00012.

Table 3 – Revenue Deficiency Comparison 2018-2020			
Item	2018 ARM Filing¹⁷	2019 ARM Filing¹⁸	2020 ARM Filing¹⁹
Rate Base	\$351,847,740	\$389,061,393	\$339,448,081
Operating Income at Present Rates	28,825,780	26,527,002	28,261,409
Earned Rate of Return	8.19%	6.82%	8.33%
Fair Rate of Return	7.26%	7.79%	7.70%
Required Operating Income	25,544,146	30,307,883	26,137,502
Operating Income Deficiency	-3,281,634	3,780,881	-2,123,906
Gross Revenue Conversion Factor	1.348700	1.352700	1.355900
Current Revenue Deficiency	\$-4,425,940	\$5,114,397	\$-2,879,805
Prior Period Reconciliation	382,182	-4,053,984	4,053,984
Excess Deferred Tax Amort.	-988,324	-1,036,590	0
Carrying Costs	0	0	-460,564
Total Revenue Deficiency	\$-5,032,082	\$23,824	\$713,614

***Q11. HAVE YOU REVIEWED THE CALCULATIONS SUPPORTING THE
PROPOSED RATE ADJUSTMENT IN ATMOS' REVISED ARM
RECONCILIATION FILING?***

A11. Yes. I reviewed the Company's revised filing. I also prepared discovery requests for supplemental supporting information that was not contained in the filing. In addition, I have had discussions with Atmos regarding the filing. The purpose of my review was to determine whether Atmos' ARM reconciliation was based on actual amounts recorded on its books.

Q12. WHAT WERE THE RESULTS OF YOUR REVIEW?

¹⁷ Schedule 1 of Atmos' 2016 Revenue Requirement Schedules in Docket No. 18-00067.

¹⁸ Commission Order in Docket No. 19-00018, Page 11, along with Rebuttal Exhibit of Mark A Martin (Exhibit MAM-R-1), Pages 1 and 54.

¹⁹ Atmos updated revenue requirement model in response to Consumer Advocate Discovery Request 2-1 in Docket No. 19-00076.

1 A12. Overall, I found that Atmos' filing appropriately reconciled the actual revenues,
2 expenses and net investment to the amounts recorded on the Company's ledger.
3 Likewise, other than as noted within my testimony, I also found that the
4 reconciliation generally reflected the methodologies established in Docket Nos.
5 14-00146 and 18-00112.

6
7 However, as discussed later in my testimony, I did make an adjustment to remove
8 Atmos' net Tennessee allocated pension funding costs of approximately
9 \$825,000. The removal of this cost changed the Company's proposed revenue
10 deficiency of \$713,614 to a revenue surplus of \$244,136 as shown on
11 Attachment WHN-2, Schedule 1. I have also adjusted the Company's proposed
12 rate design to reflect a revenue decrease of \$244,136 as shown on Attachment
13 WHN-7 in order to take into account the removal of pension funding costs.

14

I. PENSION FUNDING

Q13. MR. NOVAK, WHAT WAS ATMOS' PENSION FUNDING DURING THE CURRENT ARM RECONCILIATION PERIOD?

A13. As shown on Attachment WHN-3 and presented below in Table 4, Atmos funded a total of \$15.5 million to its pension plan during the current ARM reconciliation period. Of this total company-wide funding amount, \$1,092,288 was allocated to Tennessee, a portion of which was capitalized, resulting in a net funding amount of \$824,764.

TABLE 4 – Pension Funding 2018-2019 ²⁰				
Contribution Date	Total Contribution	Tennessee Allocation	Less Capitalized	Net Funding
August 2018	\$7,000,000	\$493,291	\$-120,813	\$372,474
August 2019 ²¹	8,500,000	598,997	-146,702	452,290
Total	\$15,500,000	\$1,092,288	\$-267,512	\$824,764

The Company has included the Net Pension Funding amount of \$824,764 as a component of its O&M expenses within the ARM reconciliation.²²

²⁰ Attachment WHN-3, prepared from Atmos updated revenue requirement model in response to Consumer Advocate Discovery Request 2-1 in Docket No. 19-00076, Workpapers 4-4 and 4-4A.

²¹ Although the August 2019 pension contribution was made after the end of the ARM reconciliation period of May 31, 2019, Atmos was permitted to include this funding amount in the current ARM reconciliation in accordance with Item 12a of the Stipulation and Settlement Agreement approved by the Commission in Docket No. 18-00112. However, the inclusion of pension funding within this Settlement Agreement presumed a valid business reason for funding. As discussed later in my testimony, Atmos elected to provide additional pension funding even though the pension plan was already fully funded, and the minimum required contribution was \$0.

²² Atmos updated revenue requirement model in response to Consumer Advocate Discovery Request 2-1 in Docket No. 19-00076, Workpapers 4-1, Line 28 rounded to \$824,772.

1 ***Q14. DID YOU ALSO INCLUDE THIS SAME NET TENNESSEE ALLOCATED***
2 ***PENSION FUNDING OF \$824,764 IN YOUR CALCULATION OF O&M***
3 ***EXPENSES?***

4 A14. No. As shown on Attachment WHN-4, the Company's pension plan was
5 **overfunded** by \$26,972,000 or approximately 5.3% at September 30, 2018.²³ In
6 addition, the Company's actuary noted that Atmos' minimum required
7 contribution to its pension plan for 2019 was \$0.²⁴ Therefore, I excluded all
8 pension funding in the current ARM reconciliation in accordance with my own
9 previous testimony on this issue as well as the Commission's stated policy on
10 pension funding.

11
12 ***Q15. HAVE YOU TESTIFIED IN PRIOR CASES INVOLVING PENSION***
13 ***FUNDING IN ANY ATMOS OR PREDECESSOR COMPANY DOCKETS?***

14 A15. Yes. In Docket No. 92-02987, I presented testimony regarding pension funding
15 for United Cities Gas Company.²⁵ As shown on Attachment WHN-5 and
16 presented below, my views in this very early case are entirely consistent with the
17 current docket.

18 *The Staff has included the minimum funding level as required by the actuary for the*
19 *pension plan. This was done to more closely match the Company's current pension*
20 *expense to the customers who will pay today's rates. This treatment is consistent*
21 *with that provided for in the most recent Chattanooga Gas and Nashville Gas rate*

²³ Pension Assets of \$531,691,000 less Pension Liabilities of \$504,719,000 results in an overfunded balance of \$26,972,000.

²⁴ Company response to Consumer Advocate Discovery Request 3-1 in Docket No. 19-00076 and included within Attachment WHN-4.

²⁵ United Cities Gas Company was subsequently acquired by Atmos Energy Corporation.

1 *cases. The Company has proposed the intermediate level of funding for the pension*
2 *plan which resulted in approximately a \$90,000 increase from the Staff's amount.*²⁶
3

4 As can be clearly seen from this testimony excerpt, it was the policy of the
5 Commission to only recognize the minimum funding requirement as a reasonable
6 pension amount to consider by the Commission in setting rates. In addition, this
7 same policy was apparently applied to all gas utilities under the Commission's
8 jurisdiction.
9

10 ***Q16. HAS THE COMMISSION EVER STATED ITS POLICY REGARDING***
11 ***PENSION FUNDING IN ANY OF ITS ORDERS?***

12 A16. Yes. While many rate cases are ultimately settled between the parties resulting in
13 no specific decision on the individual issues such as pension funding, the
14 Tennessee Commission took the opportunity to address its position on this issue
15 in Chattanooga Gas Company's most recent rate case in Docket No. 18-00017.
16 As shown on Attachment WHN-6 and presented below, the Commission's policy
17 on recovery of pension funding is completely clear and limits recovery to the
18 minimum funding requirement.

19 ***J(3). Pension and OPEB Assets***

20 *The Company forecasts a rate base addition of \$9.0 million related to pension and*
21 *other post-retirement ("OPEB") assets whereas the Consumer Advocate did not*
22 *include any provision for pension and OPEB assets in its rate base forecast. In this*
23 *case, CGC proposes a change to how pension and OPEB expenses and related*
24 *accruals are treated by this Commission. Mr. Tucker offered testimony*
25 *recommending the usage of the accounting standards for pensions and OPEBs*
26 *issued by the Financial Accounting Standards Board ("FASB") to determine the*
27 *amount of pensions and OPEB costs for ratemaking purposes. The Consumer*
28 *Advocate, however, states that pension and OPEB expenses should be limited to*

²⁶ Direct Testimony of William H. Novak in United Cities Gas Company rate case (Docket No. 92-02987), August 1992, Page No. 12.

1 cash contributions only, which results in no accrued assets in this case. Mr. Novak
2 correctly testified that the Commission has a long-established ratemaking policy of
3 only allowing rate recovery of the minimum required contribution for pension and
4 OPEB expenses. Further Mr. Novak pointed out that there is no requirement for
5 the Commission to follow the accounting principles established by other
6 authorities, including the "generally accepted accounting principles" promulgated
7 by FASB, as requested by the Company in this case.

8
9 The panel concurred with the Consumer Advocate's position on this issue. For
10 decades this Commission has recognized the expense of pension and post-
11 retirement benefits in service rates in accordance with the actuarially-determined
12 minimum contribution requirement, as opposed to the FASB accounting standards
13 proposed by the Company. The panel found that this long-standing ratemaking
14 policy should be maintained going forward. Further, the panel agreed with the
15 Consumer Advocate that determining service rates based on minimum required
16 contributions for pensions and post-retirement benefits is appropriate policy,
17 because it: (1) applies consistently to all utilities, (2) most closely matches today's
18 costs with today's customers, (3) is not subject to the same changes in assumptions
19 for market conditions as the actuary's recommended contribution, and (4) is a more
20 stable and consistent amount for setting rates in the near-term. Therefore, the
21 panel voted unanimously to adopt pension and OPEB assets of zero for the attrition
22 year in this case, consistent with established Commission precedent. [Emphasis
23 added.]²⁷
24

25 **Q17. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION**
26 **REGARDING PENSION FUNDING?**

27 A17. I recommend that the Commission exclude all pension funding from this ARM
28 reconciliation since the minimum funding requirement is \$0 and the Company's
29 pension plan is overfunded. The removal of pension funding costs changes the
30 Company's proposed revenue deficiency of \$713,614 to a revenue surplus of
31 \$244,136 as shown on Attachment WHN-2, Schedule 1.
32
33

²⁷ Tennessee Public Utility Commission, Amended Order on Chattanooga Gas Company Rate Case
(Docket No. 18-00017), January 15, 2019, Pages 45-47.

II. RATE DESIGN

Q18. MR. NOVAK, HAVE YOU PREPARED A RATE DESIGN FOR THE COMMISSION'S CONSIDERATION THAT INCORPORATES THE CONSUMER ADVOCATE'S REVENUE SURPLUS OF \$244,136?

A18. Yes. I am proposing to adjust the rates for residential and commercial customers as shown below on Table 5. A complete copy of the current and my proposed base rates for all customer classes is contained in Attachment WHN-7.

Table 5 – Current and Proposed Base Rates		
	Current Rates	CA Proposed Rates
Residential:		
Winter Customer Charge	\$18.650	\$18.600
Summer Customer Charge	16.650	16.600
Commodity Charge (Mcf)	1.292	1.287
Small Commercial:		
Customer Charge	\$39.000	\$39.000
Commodity Charge (Mcf)	2.608	2.595
Large Industrial:		
Customer Charge	\$420.000	\$420.000
Commodity Charge (Mcf)	2.286	2.278

The Consumer Advocate rate design proposal reflects its recommended revenue surplus of \$244,136 described above. In addition, the Consumer Advocate's rate design proposal includes the same billing determinants used by Atmos in their own proposed rate design.

Q19. MR. NOVAK, WHAT IS YOUR RECOMMENDATION TO THE COMMISSION REGARDING RATE DESIGN?

1 A19. I recommend that the Commission adopt the specific rates included in Attachment
2 WHN-7 that are designed to produce a rate decrease of approximately \$244,136.

3

4 ***Q20. DOES THIS COMPLETE YOUR TESTIMONY?***

5 ***A20.*** Yes, it does. However, I reserve the right to incorporate any new information that
6 may 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 Arkla	S-32534
	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Entex	S-32537
	Louisiana Electric Utilities/Louisiana PSC	2012	Technical Consultant for Impact of Net Meter Subsidy on other Electric Customers	R-31417
Tennessee	Aqua Utilities/Aqua Utilities	2006	Presentation of Rate Case on behalf of Aqua Utilities	06-00187
	Atmos Energy Corporation/Atmos Intervention Group	2007	Rate design for Industrial Intervenor Group	07-00105
	Bristol TN Essential Services/BTES	2009	Audit of Cost Allocation Manual	05-00251
	Chattanooga Manufacturers Association/CMA	2009	Spokesperson for Industrial Natural Gas Users before the Tennessee State Legislature	HB-1349
	Piedmont Natural Gas Company/Tennessee AG	2011	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	11-00144
	Tennessee-American Water Company/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base, Class Cost of Service Study and Rate Design	12-00049
	Tennessee-American Water Company/Tennessee AG	2013-2017	Alternative Regulation - Audit of Budget & True-up Filings, Rate Design	16-00126
	Piedmont Natural Gas Company/Tennessee AG	2013-2017	Alternative Regulation - Audit of Budget & True-up Filings, Rate Design	16-00140
	Piedmont Natural Gas Company/Tennessee AG	2014	Audit of Recovery of Compressed Natural Gas Infrastructure Costs	14-00086
	Piedmont Natural Gas Company/Tennessee AG	2014	Audit of Accumulated Deferred Federal Income Tax	14-00017
	Atmos Energy Corporation/Tennessee AG	2014	Rate Case Audit - Revenues, O&M Expenses, Rate Base and Rate Design	14-00146
	Atmos Energy Corporation/Tennessee AG	2015-2017	Alternative Regulation - Audit of Budget & True-up Filings, Rate Design	16-00105
	B&W Gas Company/B&W	2015	Presentation of Rate Case on behalf of B&W Gas Company	15-00042
	AEP & Kingsport Power/Tennessee AG	2015	Audit of Storm Costs and Rate Recovery	15-00024
	AEP & Kingsport Power/Tennessee AG	2016	Rate Case Audit - Revenue, Rate Base, Class Cost of Service Study & Rate Design	16-00001
Alabama	Jefferson County (Birmingham) Wastewater/Alabama AG	2013	Bankruptcy Filing - Allowable Costs and Rate Design	2009-2318
Illinois	Peoples & North Shore Gas Cos./Illinois Commerce Comm.	2007	Management Audit of Gas Purchasing Practices	06-0556
New Mexico	Southwestern Public Service Co./New Mexico PRC	2010	Financial Audit of Fuel Costs for 2009 and 2010	09-00351-UT
New York	National Grid/New York PSC	2011	Audit of Affiliate Relationships and Transactions	10-M-0451
Ohio	Ohio-American Water Company/Ohio Consumers' Counsel	2010	Rate Case Audit - Class Cost of Service and Rate Design	09-0391-WS-AIR
	Vectren Energy Delivery of Ohio/Ohio Consumers' Counsel	2008	Rate Case Audit - Class Cost of Service and Rate Design	07-1080-GA-AIR
	Duke Energy-Ohio/Public Utilities Commission of Ohio	2009	Focused Management Audit of Fuel & Purchased Power (FPP Riders)	07-0723-EL-UNC
Texas	Center Point Energy/Texas AG	2009	Rate Case Audit - Class Cost of Service and Rate Design	GUID 9902
	Sharyland Utilities/St. Lawrence Cotton Growers Assn.	2017	Rate Case Audit - Class Cost of Service and Rate Design	PUC 45414
North Carolina	Aqua Utilities/PSS Legal Fund	2011	Rate Case Audit - Class Cost of Service and Rate Design	W-218 Sub-319
Washington DC	Washington Gas Light Co./Public Service Comm of DC	2011	Audit of Tariff Rider for Infrastructure Replacement Costs	1027
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

Consumer Advocate Exhibit

**BEFORE
THE TENNESSEE PUBLIC UTILITY COMMISSION**

Petition of Atmos Energy Corporation
Annual Reconciliation of Annual Review
Mechanism

)
)
)
)
)
)
)
)
)

Docket No. 19-00076

**EXHIBIT
OF
THE CONSUMER PROTECTION UNIT
OF THE
OFFICE OF THE TENNESSEE ATTORNEY GENERAL**

February 17, 2020

ATMOS ENERGY CORPORATION
INDEX TO SCHEDULES
For the 12 Months Ending May 31, 2019

	<u>Schedule</u>
ARM Reconciliation Revenue Deficiency/Surplus	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
ARM Reconciliation Revenue Deficiency/Surplus
For the 12 Months Ending May 31, 2019

Line No.		ARM Reconciliation 17-00091 A/	ARM Reconciliation 18-00097 B/	Docket 19-00076	
				Atmos C/	CA D/
1	Rate Base	\$ 278,474,552	\$ 304,640,464	\$ 339,448,081	\$ 339,447,895
2	Operating Income At Current Rates	20,599,391	26,017,243	28,261,409	28,870,361
3	Earned Rate Of Return	7.40%	8.54%	8.33%	8.51%
4	Fair Rate Of Return	7.47%	7.78%	7.70%	7.70%
5	Required Operating Income	20,802,049	23,701,028	26,137,502	26,137,488
6	Operating Income Deficiency	202,658	-2,316,215	-2,123,906	-2,732,873
7	Gross Revenue Conversion Factor	<u>1.632800</u>	<u>1.506700</u>	<u>1.355900</u>	<u>1.355900</u>
8	Revenue Deficiency	\$ <u>330,900</u>	\$ <u>-3,489,841</u>	\$ <u>-2,879,805</u>	\$ <u>-3,705,503</u>
9	Carrying Cost (2 Years)	<u>51,283</u>	<u>-564,143</u>	<u>-460,564</u>	<u>-592,617</u>
10	Total Revenue Deficiency	\$ <u>382,183</u>	\$ <u>-4,053,985</u>	\$ <u>-3,340,369</u>	\$ <u>-4,298,120</u>
11	Net out of ARRR from Docket No. 18-00097			<u>4,053,984</u>	<u>4,053,984</u>
12	Net Rate Adjustment Effective June 1, 2020			\$ <u>713,615</u>	\$ <u>-244,136</u>

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Average Rate Base
For the 12 Months Ending May 31, 2019

Line No.		ARM Reconciliation 17-00091 A/	ARM Reconciliation 18-00097 B/	19-00076		D/
				Atmos C/	CA	
Additions:						
1	Utility Plant in Service	\$ 508,719,238	\$ 546,605,030	\$ 586,986,537	\$ 586,986,138	
2	Construction Work in Progress	12,056,378	18,629,890	25,715,429	25,715,437	
3	Gas Inventory	3,964,592	4,555,955	4,639,525	4,639,525	
4	Materials & Supplies	32,260	31,504	26,566	26,566	
5	Deferred Regulatory Costs	324,623	-13,528,323	-28,840,804	-28,840,804	
6	Intercompany Leased Property	5,801,552	5,495,201	5,584,584	5,584,584	
7	Working Capital	<u>1,302,674</u>	<u>1,089,396</u>	<u>683,856</u>	<u>683,856</u>	
8	Total Additions	<u>\$ 532,201,317</u>	<u>\$ 562,878,653</u>	<u>\$ 594,795,693</u>	<u>\$ 594,795,301</u>	
Deductions:						
9	Accumulated Depreciation	\$ 196,883,898	\$ 204,625,542	\$ 212,380,860	\$ 212,380,619	
10	Capitalized Incentive Compensation	2,475,263	3,401,987	4,369,446	4,369,446	
11	Accumulated Deferred Income Taxes	50,680,474	48,514,590	37,100,418	37,100,454	
12	Operating Reserves	0	0	0	0	
13	Customer Advances for Construction	37,337	19,995	20,280	20,280	
14	Customer Deposits	3,596,656	1,624,026	1,421,322	1,421,322	
15	Accumulated Interest on Customer Deposits	<u>53,137</u>	<u>52,049</u>	<u>55,286</u>	<u>55,286</u>	
16	Total Deductions	<u>\$ 253,726,765</u>	<u>\$ 258,238,189</u>	<u>\$ 255,347,612</u>	<u>\$ 255,347,406</u>	
17	Rate Base	<u>\$ 278,474,552</u>	<u>\$ 304,640,464</u>	<u>\$ 339,448,081</u>	<u>\$ 339,447,895</u>	

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Lead Lag Results
For the 12 Months Ending May 31, 2019

Line No.		ARM Reconciliation 17-00091 A/	ARM Reconciliation 18-00097 B/	Docket 19-00076	
				Atmos C/	CA D/
1	Revenue Lag	37.50	37.50	37.50	37.50
2	Expense Lag	33.59	34.79	35.65	35.12
3	Net Lag	3.91	2.71	1.85	2.38
4	Daily Cost of Service	\$ 333,159	\$ 402,047	\$ 368,701	\$ 365,795
5	Lead Lag Study	\$ 1,302,674	\$ 1,089,396	\$ 683,856	\$ 870,454

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Income Statement at Current Rates
For the 12 Months Ending May 31, 2019

Line No.		ARM	ARM	Docket 19-00076		
		Reconciliation 17-00091 A/	Reconciliation 18-00097 B/	Atmos C/	CA D/	
	Operating Revenues:					
1	Gas Sales & Transportation Revenues	\$ 120,146,893	\$ 149,152,107	\$ 136,532,206	\$ 136,534,447	
2	Other Revenues	1,111,750	1,239,009	1,054,413	1,052,177	
3	AFUDC	69,679	149,964	660,187	660,188	
4	Total Operating Revenue	<u>\$ 121,328,322</u>	<u>\$ 150,541,080</u>	<u>\$ 138,246,806</u>	<u>\$ 138,246,811</u>	
	Operating & Maintenance Expenses:					
5	Purchased Gas Expense	\$ 49,958,064	\$ 73,565,057	\$ 58,995,526	\$ 58,995,527	
6	Operations & Maintenance - Labor	8,010,809	7,780,145	7,665,406	7,665,411	
7	Operations & Maintenance - NonLabor	13,711,916	12,931,858	14,034,112	13,209,696	
8	Total O&M Expenses	<u>\$ 71,680,789</u>	<u>\$ 94,277,060</u>	<u>\$ 80,695,044</u>	<u>\$ 79,870,633</u>	
	Other Expenses:					
9	Depreciation Expense	\$ 11,858,675	\$ 12,652,532	\$ 13,492,039	\$ 13,492,042	
10	Interest on Customer Deposits	132,163	78,864	16,399	16,399	
11	General Taxes	7,743,266	7,486,379	8,249,952	8,249,951	
12	State Excise Taxes	1,543,435	1,925,345	1,873,264	1,926,851	
13	Federal Income Taxes	7,770,603	8,103,657	5,658,699	5,820,573	
14	Total Other Expenses	<u>\$ 29,048,142</u>	<u>\$ 30,246,777</u>	<u>\$ 29,290,353</u>	<u>\$ 29,505,817</u>	
15	Total Operating Expenses	<u>\$ 100,728,931</u>	<u>\$ 124,523,837</u>	<u>\$ 109,985,397</u>	<u>\$ 109,376,450</u>	
16	Utility Operating Income	<u>\$ 20,599,391</u>	<u>\$ 26,017,243</u>	<u>\$ 28,261,409</u>	<u>\$ 28,870,361</u>	

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Taxes Other than Income Taxes
For the 12 Months Ending May 31, 2019

Line No.		ARM Reconciliation 17-00091 A/	ARM Reconciliation 18-00097 B/	19-00076	
				Atmos C/	CA D/
1	Property Taxes	\$ 4,473,319	\$ 4,678,803	\$ 5,212,279	\$ 5,212,278
2	TPUC Inspection Fee	552,733	494,731	584,988	584,988
3	Payroll Taxes	615,849	610,344	628,673	628,673
4	Franchise Tax	722,167	788,497	875,332	875,332
5	Gross Receipts Tax	1,369,230	881,921	926,768	926,768
6	Allocated & Other Taxes	9,968	32,083	21,912	21,912
7	Total	\$ 7,743,266	\$ 7,486,379	\$ 8,249,952	\$ 8,249,951

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Excise and Income Taxes
For the 12 Months Ending May 31, 2019

Line No.		ARM Reconciliation 17-00091 A/	ARM Reconciliation 18-00097 B/	Docket 19-00076	
				Atmos C/	CA D/
1	Operating Revenues	<u>\$ 121,258,643</u>	<u>\$ 150,391,116</u>	<u>\$ 138,246,806</u>	<u>\$ 138,246,811</u>
	Operating Expenses:				
2	Purchased Gas Expense	\$ 49,958,064	\$ 73,565,057	\$ 58,995,526	\$ 58,995,527
3	O&M Expenses	21,722,725	20,712,003	21,699,518	20,875,106
4	Depreciation Expense	11,858,675	12,652,532	13,492,039	13,492,042
5	Interest on Customer Deposits	132,163	78,864	16,399	16,399
6	General Taxes	7,743,266	7,486,379	8,249,952	8,249,951
7	Total Operating Expenses	<u>\$ 91,414,893</u>	<u>\$ 114,494,835</u>	<u>\$ 102,453,434</u>	<u>\$ 101,629,025</u>
8	NOI Before Excise and Income Taxes	<u>\$ 29,843,750</u>	<u>\$ 35,896,281</u>	<u>\$ 35,793,372</u>	<u>\$ 36,617,786</u>
9	AFUDC	0	0	660,187	660,188
10	Interest Expense	6,098,593	6,275,593	6,313,734	6,313,731
11	Pre-tax Book Income	<u>\$ 23,745,157</u>	<u>\$ 29,620,688</u>	<u>\$ 28,819,451</u>	<u>\$ 29,643,867</u>
12	Schedule M Adjustments	23,745,157	29,620,688	28,819,451	29,643,867
13	Excise Taxable Income	<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	Excise Tax Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
16	Excise Tax - Deferred	1,543,435	1,925,345	1,873,264	1,926,851
17	State Excise Tax Expense	<u>\$ 1,543,435</u>	<u>\$ 1,925,345</u>	<u>\$ 1,873,264</u>	<u>\$ 1,926,851</u>
18	Pre-tax Book Income	<u>\$ 23,745,157</u>	<u>\$ 29,620,688</u>	<u>\$ 28,819,451</u>	<u>\$ 29,643,867</u>
19	State Excise Tax Expense	1,543,435	1,925,345	1,873,264	1,926,851
20	Schedule M Adjustments	22,201,722	27,695,344	26,946,186	27,717,016
21	FIT Taxable Income	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
22	FIT Rate	35.00%	29.26%	21.00%	21.00%
23	Federal Income Tax Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
24	FIT - Deferred	7,770,603	8,103,658	5,658,699	5,820,573
25	Federal Income Tax Expense	<u>\$ 7,770,603</u>	<u>\$ 8,103,658</u>	<u>\$ 5,658,699</u>	<u>\$ 5,820,573</u>

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Revenue Conversion Factor
For the 12 Months Ending May 31, 2019

Line No.		ARM Reconciliation 17-00091 A/	ARM Reconciliation 18-00097 B/	Docket 19-00076	
				Atmos C/	CA D/
1	Tax Rates:				
	Forfeited Discounts	0.012535	0.005167	0.004684	0.004684
2	Uncollectible Ratio	0.004752	0.001731	0.006196	0.006196
	State Excise Tax Rate	0.065000	0.065000	0.065000	0.065000
3	Federal Income Tax Rate	0.350000	0.292600	0.210000	0.210000
4	Operating Revenues	1.000000	1.000000	1.000000	1.000000
5	Forfeited Discount Adjustment	0.012535	0.005167	0.004684	0.004684
	Balance	1.012535	1.005167	1.004684	1.004684
6	Uncollectible Ratio Adjustment	-0.004812	-0.001740	-0.006225	-0.006225
7	Balance	1.007723	1.003427	0.998459	0.998459
8	State Excise Tax Adjustment	-0.065502	-0.065223	-0.064900	-0.064900
	Balance	0.942221	0.938204	0.933559	0.933559
9	Federal Income Tax Adjustment	-0.329777	-0.274519	-0.196047	-0.196047
10	Balance	0.612444	0.663686	0.737512	0.737512
	Revenue Conversion Factor	1.632800	1.506700	1.355900	1.355900

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATMOS ENERGY CORPORATION
Rate of Return Summary
For the 12 Months Ending May 31, 2019

Line No.	Class of Capital	ARM Reconciliation	ARM Reconciliation	Docket 19-00076	
		17-00091 A/	18-00097 B/	Atmos C/	CA D/
Capital Structure:					
1	Short-Term Debt	10.41%	3.86%	1.65%	1.65%
2	Long-Term Debt	35.74%	37.78%	38.78%	38.78%
3	Common Equity	53.85%	58.35%	59.57%	59.57%
4	Total	100.00%	100.00%	100.00%	100.00%
Capital Cost:					
5	Short-Term Debt	1.24%	2.27%	4.28%	4.28%
6	Long-Term Debt	5.75%	5.21%	4.62%	4.62%
7	Common Equity	9.80%	9.80%	9.80%	9.80%
Weighted Cost:					
8	Short-Term Debt	0.13%	0.09%	0.07%	0.07%
9	Long-Term Debt	2.06%	1.97%	1.79%	1.79%
10	Common Equity	5.28%	5.72%	5.84%	5.84%
11	Total	7.47%	7.78%	7.70%	7.70%
Interest Expense Short-Term Debt:					
12	Rate Base	\$ 278,474,552	\$ 304,640,464	\$ 339,448,081	\$ 339,447,895
13	Short-Term Weighted Debt Cost	0.13%	0.09%	0.07%	0.07%
14	Total Short-Term Debt	\$ 362,017	\$ 274,176	\$ 237,614	\$ 237,614
Interest Expense Long-Term Debt:					
15	Rate Base	\$ 278,474,552	\$ 304,640,464	\$ 339,448,081	\$ 339,447,895
16	Long-Term Weighted Debt Cost	2.06%	1.97%	1.79%	1.79%
17	Total Long-Term Debt	\$ 5,736,576	\$ 6,001,417	\$ 6,076,121	\$ 6,076,117
18	Total Interest Expense	\$ 6,098,593	\$ 6,275,594	\$ 6,313,734	\$ 6,313,731

A/ Company Rebuttal Exhibit GKW-1 in Docket 17-00091.

B/ Commission Order in Docket 18-00097, Settlement Exhibits.

C/ Company Updated Revenue Requirement Model in response to Consumer Advocate Discovery Request No. 2-1 in Docket No. 19-00076.

D/ Consumer Advocate Workpapers.

ATTACHMENT WHN-3

Atmos 2018/2019 Pension Funding

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2019

Line No.	Description (a)	Number of Participants (b)	Estimated Liability (c)	Percent of Contribution Applicable to Group (d)	Actual Attrition Year Contribution (e)	Allocation Factor to Tennessee (f)	Amount Allocable to Tennessee (g)	Composite Labor Capitalization Rate	Pension Contribution Assigned to Capital/Reduction to O&M Costs
1	All Other (not allocable to Tennessee)	4,290	\$ 393,232,000	77.9%	\$ 5,453,775.27	0.00%	\$ -		
2	Co 010 - Shared Services	492	54,704,000	10.8%	758,695	4.16%	31,562		
3	Co 010 - CSO	336	17,125,000	3.4%	237,508	4.63%	10,999		
4	Active Tennessee Jurisdiction Employees	99	13,598,000	2.7%	188,592	100.00%	188,592	57.3%	(108,063)
5	Inactive Tennessee Jurisdiction Employees	193	15,261,000	3.0%	211,656	100.00%	211,656		
6	Active Division General Office Employees	22	4,118,000	0.8%	57,113	40.59%	23,182	55.0%	(12,750)
7	Inactive Division General Office Employees (pre-merger)(1)	47	5,295,000	1.0%	73,437	26.55%	19,497		
8	Inactive Division General Office Employees (post-merger)	5	1,386,000	0.3%	19,223	40.59%	7,802		
9									
10	Total Amount of Contribution Allocable to Tennessee	5,484	\$ 504,719,000	100.00%	\$ 7,000,000		\$ 493,291		\$ (120,813)

1 For General Office employees who worked at United Cities Gas Company prior to the merger with Atmos Energy, the Company has applied the allocation factor used to allocate labor expense in Docket No. 95-02258.

Source: Relied Upon\TN-FYE2015-Acct\Allocation

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2019

Line No.	Description (a)	Number of Participants (b)	Estimated Liability (c)	Percent of Contribution Applicable to Group (d)	Actual Attrition Year Contribution (e)	Allocation Factor to Tennessee (f)	Amount Allocable to Tennessee (g)	Composite Labor Capitalization Rate	Pension Contribution Assigned to Capital/Reduction to O&M Costs
1	All Other (not allocable to Tennessee)	4,290	\$ 393,232,000	77.9%	\$ 6,622,441.40	0.00%	\$ -		
2	Co 010 - Shared Services	492	54,704,000	10.8%	921,273	4.16%	38,325		
3	Co 010 - CSO	336	17,125,000	3.4%	288,403	4.63%	13,356		
4	Active Tennessee Jurisdiction Employees	99	13,598,000	2.7%	229,005	100.00%	229,005	57.3%	(131,220)
5	Inactive Tennessee Jurisdiction Employees	193	15,261,000	3.0%	257,011	100.00%	257,011		
6	Active Division General Office Employees	22	4,118,000	0.8%	69,351	40.59%	28,150	55.0%	(15,482)
7	Inactive Division General Office Employees (pre-merger)(1)	47	5,295,000	1.0%	89,173	26.55%	23,676		
8	Inactive Division General Office Employees (post-merger)	5	1,386,000	0.3%	23,342	40.59%	9,474		
9									
10	Total Amount of Contribution Allocable to Tennessee	5,484	\$ 504,719,000	100.00%	\$ 8,500,000		\$ 598,997		\$ (146,702)

1 For General Office employees who worked at United Cities Gas Company prior to the merger with Atmos Energy, the Company has applied the allocation factor used to allocate labor expense in Docket No. 95-02258.

Source: Relied Upons\TN-FYE2015-AcctAllocation

ATTACHMENT WHN-4

Net Pension Assets and Required Funding

January 7, 2020

Ms. Kim Pettineo
Manager, Disability & Retirement
Atmos Energy Corporation
5430 LBJ Freeway, Suite 500
Dallas, TX 75240

Dear Kim:

As you requested, we are providing an estimate of the September 30, 2018 accounting liability, assets, and the FY2019 Net Periodic Pension Cost (NPPC) attributable to Tennessee residents who participate in the Atmos Energy Corporation Pension Account Plan (PAP). The liabilities and assets are split based on the groupings provided in May of 2012.

The ASC 715 liability and fair value of assets as of September 30, 2018 and the FY2019 NPPC for the Pension Account Plan are \$504.7 million, \$531.7 million and \$12.9 million, respectively. The allocation of these amounts by group is shown in the table below.

	Counts	ASC 715 Liability as of 9/30/2018	Assets as of 9/30/2018	%	FY 2019 NPPC
Inactive Pre GO Merger	47	5,295,000	5,317,000	1.0%	(33,000)
Active GO	22	4,118,000	4,254,000	0.8%	157,000
Inactive GO After Merger	5	1,386,000	1,595,000	0.3%	4,000
Inactive TN	193	15,261,000	15,951,000	3.0%	(94,000)
Active TN	99	13,598,000	14,356,000	2.7%	478,000
Active SS	252	29,511,000	30,838,000	5.8%	1,542,000
Active CSO SS	336	17,125,000	18,077,000	3.4%	1,025,000
Inactive SS	240	25,193,000	26,585,000	5.0%	(149,000)
Other	4,290	393,232,000	414,718,000	78.0%	9,970,000
Total	5,484	504,719,000	531,691,000	100.0%	12,900,000

Our calculations were based on the following data, methods and assumptions:

- January 1, 2018 census data projected to September 30, 2018
- Discount rate of 4.38%
- Assets as of September 30, 2018
- Disclosure assumptions as elected by the plan sponsor as of September 30, 2018, including mortality projection scale MP-2018.
- Participant groupings were provided by Atmos
- Accounting liability, service cost and interest cost determined directly for participants

- Assets as of September 30, 2018, expected return on assets, and gain/loss amortization allocated based on liability

The calculations in this letter apply only to the Atmos Energy Corporation Pension Account Plan and not to any other qualified or executive benefit plans.

The information contained above was prepared for the internal use of Atmos Energy in connection with the rate case analysis for Tennessee. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard.

The results included in this letter are based on the data, assumptions, methods and plan provisions outlined in the actuarial valuation report to determine accounting requirements for the plan for the plan year beginning October 1, 2018 delivered in November 2018. Therefore, the descriptions of the data, assumptions, methods, plan provisions and limitations of the valuation report and its use should be considered part of this letter report.

The undersigned consultants with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. To our knowledge, our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC.

Let us know if you have any questions.

Regards,



Chris Hutzler FSA, EA, CFA
Managing Director, Retirement

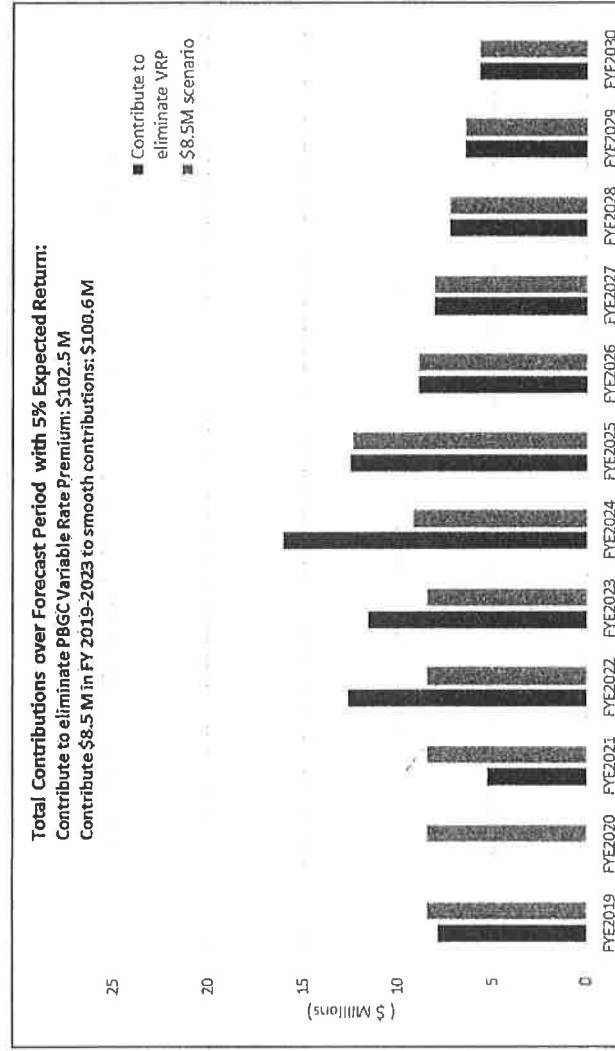


Merrick Johnson FSA, EA
Senior Associate, Retirement

Funding Update

Funding Results for 2019

- The Minimum Required Contribution for 2019 is \$0
- Atmos has chosen to contribute \$8.5 million for the 2018 plan year to avoid PBGC variable rate premiums for 2019, smooth out future contribution requirements and improve long-term funded status



Scenario: Estimate from April using February 13, 2019 assets with a 5% return assumption for future years

Purple bar: Contribution needed each year to avoid a PBGC variable premium

Blue bar: Contribution of \$8.5 million per year in the early years of the forecast period; amount needed to avoid PBGC variable rate premiums in the later years

ATTACHMENT WHN-5

Prior Testimony of William H. Novak regarding Pension Funding

NORAK

Before The
PUBLIC SERVICE COMMISSION
Of The
STATE OF TENNESSEE

in re:
UNITED CITIES GAS COMPANY
(Docket No. 92-02987)

Testimony
of
William H. Novak

August 1992

1 preparing their case. The difference in allocation
2 methods resulted in approximately a \$396,000 decrease in
3 allocated expenses from what the Company had provided
4 for.

5 **Q. Could you please explain the difference between the**
6 **Staff and the Company due to FASB 106 implementation?**

7 A. The Company has made an adjustment of \$246,058 in their
8 case for the implementation of FASB 106. FASB 106
9 concerns the accounting for post-retirement benefits
10 other than pensions. The Staff would propose that this
11 issue be considered in a generic docket for all
12 utilities that the Commission regulates as discussed in
13 Mr. Hickerson's testimony. Therefore, the Staff has
14 made no adjustment to its case for this item.

15 **Q. Please describe the differences between the Staff and**
16 **Company's Pension Expense calculation.**

17 The Staff has included the minimum funding level as
18 required by the actuary for the pension plan. This was
19 done to more closely match the Company's current pension
20 expense to the customers who will pay today's rates.
21 This treatment is consistent with that provided for in
22 the most recent Chattanooga Gas and Nashville Gas rate
23 cases. The Company has proposed the intermediate level
24 of funding for the pension plan which resulted in
25 approximately a \$90,000 increase from the Staff's
26 amount.

ATTACHMENT WHN-6

Commission Order on Pension Funding

in

Chattanooga Gas Company Rate Case

Docket 18-00017

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

January 15, 2019

IN RE:)	
)	
PETITION OF CHATTANOOGA GAS)	
COMPANY FOR APPROVAL OF AN)	
ADJUSTMENT IN RATES AND TARIFF; THE)	DOCKET NO.
TERMINATION OF THE AUA MECHANISM)	18-00017
AND THE RELATED TARIFF CHANGES AND)	
REVENUE DEFICIENCY RECOVERY; AND AN)	
ANNUAL RATE REVIEW MECHANISM)	

AMENDED ORDER

depreciation charges, the panel voted unanimously to adopt the Company's thirteen-month average forecast of accumulated depreciation of \$127,903,439 for the attrition period ending June 30, 2019.

J(2). CONSTRUCTION WORK IN PROGRESS

Construction Work in Progress ("CWIP") represents the cost of investment that is currently under construction and will be transferred to Plant in Service when completed. The \$5.9 million dollar difference in CWIP results from the parties' differing forecasting methodologies. Like the forecast for UPIS, CGC bases its CWIP calculations on a starting balance at June 30, 2017, with adjustments for the level of capital spending and project timing outlined in the Company's capital budget for 2018 and 2019.¹³⁸ Contributions in aid of construction ("CIAC") is included as a reduction to plant balance and netted with CWIP.¹³⁹ Alternatively, the Consumer Advocate uses a five-year historical average of annual balances to project its attrition year CWIP forecast.¹⁴⁰

The panel found that because CWIP is determined by plant construction projects and activities, the CWIP forecast should be aligned with the capital expenditure projections used to compute UPIS. Accordingly, and for the same reasons the panel adopted CGC's forward-looking forecast of UPIS, the panel unanimously voted to adopt the Company's thirteen-month average CWIP balance of \$12,457,439 for the attrition year in this case.

J(3). PENSION AND OPEB ASSETS

The Company forecasts a rate base addition of \$9.0 million related to pension and other post-retirement benefit ("OPEB") assets whereas the Consumer Advocate did not include any

¹³⁸ Gary Tucker, Pre-filed Rebuttal Testimony, pp. 9-10, (August 3, 2018).

¹³⁹ Gary Tucker, Pre-filed Direct Testimony, p. 17, (May 11, 2018).

¹⁴⁰ William H. Novak, Pre-filed Direct Testimony, p. 18, (July 3, 2018).

provision for pension and OPEB assets in its rate base forecast.¹⁴¹ In this case, CGC proposes a change to how pension and OPEB expenses and related accruals are treated by this Commission. Mr. Tucker offered testimony recommending the usage of the accounting standards for pensions and OPEBs issued by the Financial Accounting Standards Board (“FASB”) to determine the amount of pensions and OPEB costs for ratemaking purposes.¹⁴² The Consumer Advocate, however, states that pension and OPEB expenses should be limited to cash contributions only, which results in no accrued assets in this case.¹⁴³ Mr. Novak correctly testified that the Commission has a long-established ratemaking policy of only allowing rate recovery of the minimum required contribution for pension and OPEB expenses.¹⁴⁴ Further, Mr. Novak pointed out that there is no requirement for the Commission to follow the accounting principles established by other authorities, including the “generally accepted accounting principles” promulgated by FASB, as requested by the Company in this case.¹⁴⁵

The panel concurred with the Consumer Advocate’s position on this issue. For decades this Commission has recognized the expense of pension and post-retirement benefits in service rates in accordance with the actuarially-determined minimum contribution requirement, as opposed to the FASB accounting standards proposed by the Company. The panel found that this long-standing ratemaking policy should be maintained going forward. Further, the panel agreed with the Consumer Advocate that determining service rates based on minimum required contributions for pensions and post-retirement benefits is appropriate policy, because it: (1) applies consistently to all utilities, (2) most closely matches today’s costs with today’s

¹⁴¹ CGC’s Updated Response to TPUCs Workbook Request, Schedule 2, (August 28, 2018); Revised Exhibit of the Consumer Protection and Advocate Division of the Tennessee Attorney General’s Office, Schedule 2, (August 24, 2018).

¹⁴² Gary Tucker, Pre-filed Direct Testimony, p. 13, (May 11, 2018).

¹⁴³ William H. Novak, Pre-filed Direct Testimony, p. 19, (July 3, 2018).

¹⁴⁴ *Id.* at 20.

¹⁴⁵ *Id.* at 20-21.

customers, (3) is not subject to the same changes in assumptions for market conditions as the actuary's recommended contribution, and (4) is a more stable and consistent amount for setting rates in the near-term.¹⁴⁶ Therefore, the panel voted unanimously to adopt pension and OPEB assets of zero for the attrition year in this case, consistent with established Commission precedent.

J(4). WORKING CAPITAL

Working Capital is the amount of funds necessary for daily expenditures and a variety of non-plant investments that are necessary to sustain ongoing operations of the utility until those expenditures can be recovered through revenues received from customers. CGC projected a cash working capital requirement based on a lead/lag study sponsored by Company witness Adams.¹⁴⁷ Application of the lead/lag study results to CGC's revenues and expenses requiring operating funds results in a net lag of 8.14 days, which, when multiplied by the Company's estimated average daily cost of service, produces a working capital requirement of \$1.5 million.¹⁴⁸ The Consumer Advocate applied the Company's lead/lag study, but with three adjustments made to the study's calculation. Mr. Dittmore testified that the Consumer Advocate adjusted the Company's study to: (1) exclude the return on equity from estimated average daily cost of service; (2) reduce the lag days for salaries and wages from 39.02 to 14.01 to reflect the exclusion of the incentive compensation lag; and (3) incorporate the test period average balance of withholdings (i.e., accrued liabilities) for franchise, excise and use taxes.¹⁴⁹ With these adjustments, the Consumer Advocate computes a net lag of 3.46 days, which, when multiplied

¹⁴⁶ See William H. Novak, Pre-filed Direct Testimony, p. 21, (July 3, 2018).

¹⁴⁷ Michael J. Adams, Pre-filed Direct Testimony, Exhibit MJA-2 (February 15, 2018).

¹⁴⁸ Gary Tucker, Pre-filed Direct Testimony, pp. 13-17, Exhibits RDJ 2-3, (May 11, 2018).

¹⁴⁹ David Dittmore, Pre-filed Direct Testimony, p. 17, (July 3, 2018).

ATTACHMENT WHN-7

Consumer Advocate Proposed Rate Design

ATMOS ENERGY CORPORATION
Tennessee ARM Reconciliation
Consumer Advocate Proposed Rate Design

Attachment WHN-7
Schedule 1

	Current Rates		Billing Determinants		Current Revenue		Rate Increase	Proposed Rates		Proposed Revenue		Revenue Change	Percent Change	
	Monthly	Usage	Bills	Usage	Bills	Usage		Monthly	Usage	Bills	Usage			
Rate Schedule 210/225														
210/225 SUMMER	\$16.65	\$1,292	669,194	1,025,877	\$11,142,080	\$1,325,433	\$12,467,513	\$16.60	\$1,287	\$11,108,620	\$1,320,304	\$12,428,924	-\$38,589	-0.31%
210/225 WINTER (weather sensitive)	18.65	1,282	934,321	7,379,345	17,425,087	9,534,114	26,959,200	18.60	1,287	17,378,371	9,497,217	26,875,588	-83,613	-0.31%
210/225 SR CIT	0.00	1,292	1,225	5,668	0	7,323	7,295	0.00	1,287	0	7,295	7,295	-28	-0.39%
Total 210/225			1,604,740	8,410,890	\$28,567,167	\$10,866,870	\$39,434,037			\$28,486,991	\$10,824,815	\$39,311,806	-\$122,230	-0.31%
Rate Schedule 211														
211 HVAC	\$15.75	\$0.769	28	432	\$441	\$341	\$782	\$15.70	\$0.765	\$440	\$339	\$779	-\$3	-0.40%
Total 211			28	432	\$441	\$341	\$782			\$440	\$339	\$779	-\$3	-0.40%
Rate Schedule 220														
220 Commercial / Industrial Gas Service	\$39.00	\$2.608	207,181	6,316,226	\$8,080,059	\$16,472,717	\$24,552,776	\$39.00	\$2.595	\$8,080,059	\$16,390,606	\$24,470,655	-\$82,111	-0.33%
220 Transportation	440.00	2.608	132	148,601	58,080	387,551	445,631	440.00	2.595	58,080	385,620	443,700	-1,932	-0.43%
Total 220			207,313	6,464,827	\$8,138,139	\$16,860,269	\$24,998,408			\$8,138,139	\$16,776,226	\$24,914,365	-\$84,043	-0.34%
Rate Schedule 221														
221 Experimental School Gas Service	\$39.00	\$1.267	37	25,694	\$1,443	\$32,554	\$33,987	\$39.00	\$1.263	\$1,443	\$32,452	\$33,895	-\$103	-0.30%
Total 221			37	25,694	\$1,443	\$32,554	\$33,987			\$1,443	\$32,452	\$33,895	-\$103	-0.30%
Rate Schedule 230														
230 Large Commercial / Industrial Gas Service	\$420.00	\$2.286	74	47,783	\$31,080	\$109,232	\$140,312	\$420.00	\$2.278	\$31,080	\$108,650	\$139,930	-\$382	-0.27%
230 Transportation	440.00	2.286	543	1,494,492	238,920	3,416,409	3,655,329	440.00	2.278	238,920	3,404,453	3,643,373	-11,956	-0.33%
Total 230			617	1,542,275	\$270,000	\$3,525,641	\$3,795,641			\$270,000	\$3,513,302	\$3,783,302	-\$12,338	-0.33%
Rate Schedule 240/250/280/292/293														
240 Demand/Commodity Gas Service	\$440.00		60		\$26,400		\$26,400	\$440.00		\$26,400		\$26,400	\$0	0.00%
Block 1 Volumes	\$1.281			120,000		\$153,720	153,720	\$1.277		\$153,240		153,240	-480	-0.31%
Block 2 Volumes	0.848			274,654		232,907	232,907	0.845		232,083		232,083	-824	-0.35%
Block 3 Volumes	0.393			0		0	0	0.392		0		0	0	0.00%
250 Interruptible Gas Service	\$440.00		941		\$414,040		\$414,040	\$440.00		\$414,040		\$414,040	0	0.00%
Block 1 Volumes	\$1.281			1,533,533		1,964,456	1,964,456	\$1.277		1,958,322		1,958,322	-6,134	-0.31%
Block 2 Volumes	0.848			5,746,138		4,872,725	4,872,725	0.845		4,855,487		4,855,487	-17,238	-0.35%
Block 3 Volumes	0.393			362,430		142,435	142,435	0.392		142,073		142,073	-362	-0.25%
280 ECON DEV - OPT GS	\$440.00		12		\$5,280		\$5,280	\$440.00		\$5,280		\$5,280	0	0.00%
Block 1 Volumes	\$1.281			0		0	0	\$1.277		0		0	0	0.00%
Block 2 Volumes @ Discount Rate	0.961			23,899		22,967	22,967	0.958		22,895		22,895	-72	-0.31%
Block 3 Volumes	0.393			0		0	0	0.392		0		0	0	0.00%
Block 2 Volumes @ Discount Rate	0.636			17,204		10,942	10,942	0.634		10,907		10,907	-34	-0.31%
Block 3 Volumes @ Discount Rate	0.295			0		0	0	0.294		0		0	0	0.00%
292 Cogeneration, CNG, Prime Movers Service	\$39.00		12		\$468		\$468	\$39.00		\$468		\$468	0	0.00%
Block 1 Volumes	\$1.281			0		0	0	\$1.277		0		0	0	0.00%
Block 2 Volumes	0.848			0		0	0	0.845		0		0	0	0.00%
Block 3 Volumes	0.393			0		0	0	0.392		0		0	0	0.00%
293 Large Tonnage Air Conditioning Gas Service	\$39.00		12		\$468		\$468	\$39.00		\$468		\$468	0	0.00%
Block 1 Volumes	\$1.281			8,996		11,524	11,524	\$1.277		11,488		11,488	-36	-0.31%
Block 2 Volumes	0.848			1,683		1,427	1,427	0.845		1,422		1,422	-5	-0.35%
Block 3 Volumes	0.393			0		0	0	0.392		0		0	0	0.00%
Total 240/250/280/292/293			1,037	8,088,537	\$446,656	\$7,413,102	\$7,855,758			\$446,656	\$7,387,916	\$7,834,572	-\$25,186	-0.32%
Total			1,813,772	24,532,655	\$37,423,846	\$38,698,777	\$76,122,622			\$37,343,669	\$38,535,051	\$75,878,719	-\$243,903	-0.32%

ATMOS ENERGY CORPORATION
Tennessee ARM Reconciliation
Comparison of Existing and Proposed Rates

Attachment WHN-7
Schedule 2

Rate Schedule	14-00146 Settlement	16-00013 ARM Filing	17-00012 ARM Filing	18-00067 ARM Filing	19-00018 ARM Filing	Docket No. 19-00076	
						Atmos	Consumer Advocate
Residential:							
Regular Winter Customer Charge	\$17,150	\$18,300	\$19,750	\$18,650	\$18,650	\$18,700	\$18,600
Regular Summer Customer Charge	14,150	15,300	17,750	16,650	16,650	16,700	16,600
Regular Commodity Charge per Mcf	1,218	1,322	1,409	1,291	1,292	1,328	1,287
Heating & Cooling Customer Charge	14,150	15,300	16,750	15,750	15,750	15,750	15,700
Heating & Cooling Commodity Charge per Mcf	0,719	0,769	0,848	0,788	0,789	0,806	0,785
Public Housing Winter Customer Charge	17,150	18,300	19,750	18,650	18,650	18,700	18,600
Public Housing Summer Customer Charge	14,150	15,300	17,750	16,650	16,650	16,700	16,600
Public Housing Commodity Charge per Mcf	1,218	1,322	1,409	1,291	1,292	1,328	1,287
Commercial & Industrial Sales Service:							
Small Commercial Customer Charge	36,150	37,800	42,000	39,000	39,000	39,250	39,000
Small Commercial Commodity Charge per Mcf	2,333	2,548	2,779	2,607	2,608	2,637	2,595
Large Commercial Customer Charge	385,000	405,000	445,000	420,000	420,000	420,000	420,000
Large Commercial Commodity Charge	2,057	2,224	2,450	2,285	2,286	2,309	2,278
School Customer Charge	36,150	37,800	42,000	39,000	39,000	39,250	39,000
School Commodity Charge	1,146	1,234	1,354	1,267	1,267	1,280	1,263
Commercial & Industrial Transportation Service:							
Customer Charge	435,000	440,000	455,000	440,000	440,000	440,000	440,000
Demand Charge per Mcf	16,283	16,283	16,283	16,283	16,283	16,283	16,283
Commodity Charge 1 - 2,000 Mcf	1,153	1,246	1,373	1,281	1,281	1,294	1,277
Commodity Charge 1 - 2,000 Mcf ED Discount	0,865	0,935	1,030	0,961	0,961	0,971	0,958
Commodity Charge 2,000 - 50,000 Mcf	0,763	0,825	0,909	0,848	0,848	0,857	0,845
Commodity Charge 2,000 - 50,000 Mcf ED Discount	0,572	0,619	0,682	0,636	0,636	0,643	0,634
Commodity Charge Over 50,000 Mcf	0,353	0,382	0,421	0,393	0,393	0,397	0,392
Commodity Charge Over 50,000 Mcf ED Discount	0,265	0,286	0,316	0,295	0,295	0,298	0,294
Small Commercial Firm Commodity Charge	2,333	2,548	2,779	2,607	2,608	2,637	2,595
Large Commercial Firm Commodity Charge	2,057	2,224	2,450	2,285	2,286	2,309	2,278
Cogeneration & Large A/C Customer Charge	36,150	37,800	42,000	39,000	39,000	39,250	39,000
Special Contract Customers	Various	Various	Various	Various	Various	Various	Various

SOURCE: Company Filings, Schedules 11-3 and 11-4, Attachment WHN-7, Schedule 1.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:

ATMOS ENERGY CORPORATION
ANNUAL RECONCILIATION OF
ANNUAL REVIEW MECHANISM

DOCKET NO. 19-00076

AFFIDAVIT

I, William H. Novak on behalf of the Consumer Advocate Unit 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 Unit.


WILLIAM H. NOVAK

Sworn to and subscribed before me
this 18th day of February, 2020

Tiffany H. Blackman
NOTARY PUBLIC

My commission expires: March 22, 2023

