

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

October 8, 2021

IN RE:

**AUDIT OF ATMOS ENERGY CORPORATION'S
WEATHER NORMALIZATION ADJUSTMENT FOR
THE PERIOD OCTOBER 1, 2020 THROUGH APRIL 30,
2021**

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**DOCKET NO.
21-00082**

**ORDER ADOPTING WNA COMPLIANCE AUDIT REPORT OF
TENNESSEE PUBLIC UTILITY COMMISSION'S UTILITIES DIVISION**

This matter came before Chairman Kenneth C. Hill, Vice Chairman Herbert H. Hilliard, Commissioner Robin L. Morrison, Commissioner John Hie, and Commissioner David F. Jones of the Tennessee Public Utility Commission (the "Commission" or "TPUC"), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on September 20, 2021 to consider the report of the Commission's Utilities Division (the "Staff") resulting from the Staff's audit of Atmos Energy Corporation's ("Atmos" or the "Company") Weather Normalization Adjustment ("WNA") for the year ended April 30, 2021. The WNA Audit Report (the "Report") is attached hereto as Exhibit 1 and incorporated by this reference.

The Company's WNA data was received for the period October 1, 2020 through April 30, 2021. The Staff completed its audit of the Company's filings on August 20, 2021 and filed its Report on August 20, 2021. The objective of the audit was to verify that the Company's calculations of the WNA adjustments were materially correct and that the Company has appropriately applied them to customers' bills during the period.

The WNA Audit Report contained two immaterial findings. In the first finding, the Company used incorrect Actual Degree Days (“ADD”) for a combined total of twenty (20) days in all four of its service areas during the audit period. The finding resulted in a net over-collection of WNA revenues of \$52,842.05. In the second finding, the Company used incorrect Normal Degree Days (“NDD”) in the calculation of the WNA factors for all cycles during the period in all four of the Company’s service areas. The result was a net over-collection of \$3,705.53 in WNA Revenues.¹

Due to the immateriality of the over-collection on a per customer basis, Staff recommended the net over-collection of \$56,547.58 for the two findings be added to the ACA Account balance in the Company’s next Actual Cost Adjustment filing with the Commission. The Company agreed with the Staff’s recommendation. Except for the findings noted in the Report, the Staff concluded that Atmos appears to be correctly implementing the mechanics of its WNA Rider.²

During the regularly scheduled Commission Conference held on September 20, 2021, the voting panel considered the Staff’s WNA Audit Report. The panel unanimously approved the August 20, 2021 WNA Audit Report as filed.

IT IS THEREFORE ORDERED THAT:

1. The Weather Normalization Adjustment Audit Report relative to Atmos Energy Corporation’s costs for the year ended April 30, 2021, a copy of which is attached to this Order as Exhibit 1, is approved and adopted and the conclusions and recommendations contained therein are incorporated in this Order as if fully rewritten herein.

2. Atmos Energy Corporation shall include the over-collected amount in its next Actual Cost Adjustment filing with the Tennessee Public Utility Commission.

¹ *Notice of Filing*, Exhibit A, pp. 11-15 (August 20, 2021).

² *Id.* at 16.

3. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

4. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Chairman Kenneth C. Hill,
Vice Chairman Herbert H. Hilliard,
Commissioner Robin L. Morrison,
Commissioner John Hie, and
Commissioner David F. Jones concurring.**

None dissenting.

ATTEST:



Earl R. Taylor, Executive Director

EXHIBIT 1

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

August 20, 2021

IN RE:)
)
ATMOS ENERGY CORPORATION) **Docket No. 21-00082**
WEATHER NORMALIZATION ADJ. (WNA) AUDIT)

**NOTICE OF FILING BY UTILITIES DIVISION OF THE
TENNESSEE PUBLIC UTILITY COMMISSION**

Pursuant to Tenn. Code Ann. §§ 65-4-104, 65-4-111 and 65-3-108, the Utilities Division of the Tennessee Public Utility Commission (“TPUC” or the “Commission”) hereby gives notice of its filing of the Atmos Energy Corporation WNA Audit Report in this docket and would respectfully state as follows:

1. The present docket was opened by the Commission to hear matters arising out of the audit of Atmos Energy Corporation (the “Company”).
2. The Company’s WNA filings were received on October 1, 2020, through April 30, 2021, and the Staff completed its audit of same on August 11, 2021.
3. On August 12, 2021, the Utilities Division submitted its preliminary WNA audit findings to the Company via e-mail. The Company responded on August 16, 2021 via e-mail and this response has been incorporated into the final report. The Report is attached hereto as Exhibit A and is fully incorporated herein by this reference.

4. The Utilities Division hereby files its Report with the Tennessee Public Utility Commission for deposit as a public record and approval of the recommendations and findings contained therein.

Respectfully Submitted:

A handwritten signature in black ink that reads "Pat Murphy". The signature is written in a cursive style with a horizontal line underneath it.

Pat Murphy
Utilities Division
Tennessee Public Utility Commission

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of August 2021, a true and exact copy of the foregoing has been either hand-delivered or delivered via U.S. Mail, postage pre-paid, to the following persons:

Earl Taylor
Executive Director
Tennessee Public Utility Commission
Andrew Jackson Building
502 Deaderick Street
Nashville, Tennessee 37243

Kenneth C. Hill
Chair
Tennessee Public Utility Commission
Andrew Jackson Building
502 Deaderick Street
Nashville, TN 37243

Josh Densman
Vice President of Finance
Atmos Energy Corporation
810 Crescent Centre Drive, Suite 600
Franklin, TN 37067-6226

Vance Broemel
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202-0207

A handwritten signature in black ink that reads "Pat Murphy". The signature is written in a cursive, flowing style.

Pat Murphy

EXHIBIT A

COMPLIANCE AUDIT REPORT

OF

ATMOS ENERGY CORPORATION

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER

Docket No. 21-00082

TENNESSEE PUBLIC UTILITY COMISSION

UTILITIES DIVISION

August 2021

COMPLIANCE AUDIT
ATMOS ENERGY CORPORATION
WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER
DOCKET NO. 21-00082

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COMPLIANCE AUDIT
ATMOS ENERGY CORPORATION
WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER
DOCKET NO. 21-00082

I. INTRODUCTION AND AUDIT OPINION

The subject of this compliance audit is the Weather Normalization Adjustment (“WNA”) Rider of Atmos Energy Corporation (“Atmos” or the “Company”). The objective of this audit is to determine if the WNA adjustments were calculated correctly and applied to customers’ bills appropriately between October 2020 and April 2021. As a result of the WNA Rider, the Company **surcharged a net \$1,200,593 to residential and commercial customers** during the period. The impact of WNA revenues on the Company’s total revenues is detailed in Section V.

The Audit Staff’s (“Staff”) audit resulted in two (2) findings regarding the WNA calculations, showing that the Company **over-collected a net \$56,547.58** from customers. See Section VI for a description of the Staff’s findings. Except for the findings noted in this report, Staff concludes that Atmos is correctly implementing the mechanics of the WNA Rider as specified by the Tennessee Public Utility Commission (“TPUC” or the “Commission”) and included in the Company’s tariff (See Attachment 1).

II. SCOPE OF AUDIT

In meeting the objective of the audit, Staff compared the following on a daily basis:

- (1) the Company's actual heating degree days to National Oceanic and Atmospheric Administration (“NOAA”) actual heating degree days;
- (2) the Company's normal heating degree days to the normal heating degree days calculated in the last Annual Review Mechanism (ARM) filing;¹ and
- (3) the Company's calculation of the WNA factors to Staff's calculations.²

Staff selected a sample of customer bills to verify that the WNA factor had been correctly applied to the bills. Staff also examined each sample bill to determine whether the Base Rates and Purchased Gas Adjustments were billed correctly. Staff found no discrepancies.

The Utilities Division of the TPUC is responsible for compliance audits of the regulated gas companies. Pat Murphy and Kevin McClenathan of the Utilities Division conducted this audit.

¹ Due to the Commission’s approval replacing the required two annual ARM filings with one annual filing, a “gap” year was created relative to the normal degree day update as performed in an ARM filing. Atmos, therefore, for the 2020-2021 heating season, updated the normal heating degree days based on the thirty (30) average ended September 30, 2019.

² Weather Normalization Adjustment (WNA) Rider, 9th Revised Sheet No. 51, effective October 1, 2020 (See Attachment 1).

III. BACKGROUND INFORMATION ON THE COMPANY

Atmos, with its principal office at 810 Crescent Centre Drive, Franklin, Tennessee, is a wholly owned subsidiary of its parent company Atmos Energy Corporation, located in Dallas, Texas. Atmos Energy Corporation is a multi-state gas distributor, providing service to multiple communities in Tennessee. The gas to serve these areas is obtained from CenterPoint Energy Services³ effective April 1, 2019, and other suppliers, and delivered by four natural gas pipelines in accordance with separate and individual tariffs approved by the Federal Energy Regulatory Commission (“FERC”). The four interstate pipelines are East Tennessee Natural Gas (“ETNG”), Texas Eastern Transmission Corporation (“TETCO”), Columbia Gulf Transmission Corporation (“CGT”) and Texas Gas Transmission Corporation (“TGT”).

ETNG provides service to Atmos in Tennessee for the Columbia, Shelbyville, Lynchburg, Maryville-Alcoa, Morristown, Bristol, Elizabethton, Gray, Greeneville, Johnson City and Kingsport areas.

TETCO and CGT provide service to Atmos in Tennessee for Murfreesboro, Nolensville, Franklin and adjacent areas in Rutherford and Williamson Counties.

TGT provides service to Atmos in Union City, Tennessee and adjacent areas in Obion County.

IV. BACKGROUND ON WEATHER NORMALIZATION ADJUSTMENT RIDER

In setting rates, the Tennessee Public Utility Commission⁴ uses a normalized level of revenues and expenses for a test year, which is designed to be the most reasonable estimate of the Company's operations during the time the rates are to be in effect. Use of normalized operating levels eliminates unusual fluctuations that may occur during the test period, which causes rates to be set too high or too low.

Specifically, one part of normalizing revenues consists of either increasing or decreasing the test year weather related sales volumes to reflect the difference between the normal and actual heating degree days. (A heating degree day is calculated as the difference in the average daily temperature and 65 degrees Fahrenheit.) This average daily temperature constitutes normal weather and is determined based on the previous thirty years' weather data.⁵

Normal weather rarely occurs. This has two impacts:

- (1) The customers' bills fluctuate dramatically due to changes in weather from month to month; and
- (2) The gas companies earn more or less than their authorized rate of return. For example, if weather is colder than normal, then more gas than anticipated in the rate case will be sold. This results in higher customer bills and over-earnings for the company. On the other hand, if weather is warmer than

³ *In Re: Atmos Energy Corporation's Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts*, Docket No. 19-00050 (May 15, 2021).

⁴ Effective April 5, 2017, the name of Tennessee Regulatory Authority changed to the Tennessee Public Utility Commission and board members of the agency are now known as Commissioners rather than Directors.

⁵ Weather data is published monthly by NOAA.

normal, less gas than anticipated in the rate case will be sold, the customers' bills amounts will be lower and the company will under-earn.

In recognition of this fact, on September 26, 1991, the Tennessee Public Service Commission⁶ ("TPSC") approved a three-year experimental Weather Normalization Adjustment Rider ("WNA Rider") to the tariffs of Chattanooga Gas Company, Nashville Gas Company, a division of Piedmont Natural Gas Company, Inc. and United Cities Gas Company.⁷ In periods of weather colder than normal, the customer receives a credit on his bill, while in periods of warmer than normal weather, the customer is billed a surcharge. Thus, customers' bills should not fluctuate as dramatically from month to month and the gas company should have a more stable rate of return. The WNA Rider was to be applied to residential and commercial customers' bills during the months of October through May of each year. On June 21, 1994, the TPSC issued an Order authorizing the above-mentioned gas companies to permanently implement an amended version of the WNA Rider.⁸

As a result of the Company's prior rate case in Docket No. 12-00064 before this Commission, Atmos' WNA Rider tariff was amended effective December 1, 2012. Atmos calculates and bills the WNA to customers during the months of October through April of each year. The Commission Staff audits these WNA calculations annually. Atmos' WNA Rider tariff that governs this audit period accompanies this Report as Attachment 1.

⁶ By legislative action, the Public Service Commission was replaced on July 1, 1996 by the Tennessee Regulatory Authority. See Act of May 24, 1995, ch. 305, 1995 Tenn. Pub. Acts 450. The TRA retains jurisdiction over the above named gas companies. See Tenn. Code Ann. § 65-4-104; see also Tenn. Code Ann. § 65-4-101 (a) (defining public utility).

⁷ See petition of Chattanooga Gas Company, Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. and United Cities Gas Company for a Rulemaking Hearing to Adopt a Weather Normalization Adjustment (WNA) Rider, Docket No. 91-01712, *Order* (September 26, 1991).

⁸ The amendment directed Chattanooga Gas Company and United Cities Gas Company to eliminate from their WNA Rider the shoulder months of October and May, and Nashville Gas Company to eliminate the shoulder months of October, April and May.

V. IMPACT OF WEATHER NORMALIZATION ADJUSTMENT RIDER

The following tables summarize a comparison of actual heating degree days (“ADD”) to normal heating degree days (“NDD”) by month for Atmos Energy Corporation during the 2020– 2021 heating season, in each of its four service areas.⁹ During the past winter, overall, weather was 5.5% warmer in the Bristol area, 4.1% warmer in the Knoxville area, 6.9% warmer in the Nashville area, and 3.2% warmer in the Paducah area compared to normal weather.

Bristol:

Month	Actual Heating Degree Days	Normal Heating Degree Days	Warmer/Colder than Normal
September 2020	53	36	Colder
October 2020	169	254	Warmer
November 2020	436	551	Warmer
December 2020	848	796	Colder
January 2021	834	868	Warmer
February 2021	674	672	Colder
March 2021	427	537	Warmer
April 2021	317	264	Colder
Total	<u>3758</u>	<u>3978</u>	5.5% Warmer

Knoxville:

Month	Actual Heating Degree Days	Normal Heating Degree Days	Warmer/Colder than Normal
September 2020	30	17	Colder
October 2020	112	185	Warmer
November 2020	372	462	Warmer
December 2020	771	721	Colder
January 2021	779	798	Warmer
February 2021	643	595	Colder
March 2021	332	448	Warmer
April 2021	<u>236</u>	<u>189</u>	Colder
Total	<u>3275</u>	<u>3415</u>	4.1% Warmer

⁹ Atmos’ service territory is divided into four (4) service areas for WNA calculation purposes. Each area’s WNA factors are calculated separately based on the actual degree days calculated from daily weather observations as reported by Tri-Cities Regional TN/VA Airport (KTBI) for the Bristol area, McGhee Tyson Airport (KTYN) for Knoxville area, Nashville International Airport (KBNA) for Nashville area and Barkley Regional Airport (KPAH) for the Paducah area. The weather observations from these locations are reported to NOAA and the daily actual degree days are published by NOAA monthly in its *Local Climatological Data* report.

Nashville:

Month	Actual Heating Degree Days	Normal Heating Degree Days	Warmer/Colder than Normal
September 2020	10	16	Warmer
October 2020	130	169	Warmer
November 2020	339	453	Warmer
December 2020	716	710	Colder
January 2021	705	786	Warmer
February 2021	736	597	Colder
March 2021	288	442	Warmer
April 2021	<u>198</u>	<u>182</u>	Colder
Total	<u>3122</u>	<u>3355</u>	6.9% Warmer

Paducah:

Month	Actual Heating Degree Days	Normal Heating Degree Days	Warmer/Colder than Normal
September 2020	20	27	Warmer
October 2020	251	222	Colder
November 2020	392	510	Warmer
December 2020	767	823	Warmer
January 2021	824	911	Warmer
February 2021	942	683	Colder
March 2021	363	523	Warmer
April 2021	<u>235</u>	<u>221</u>	Colder
Total	<u>3794</u>	<u>3920</u>	3.2% Warmer

Note: Graphs showing a visual comparison of actual degree days compared to normal degree days can be found at the end of this Section (pages 7-10).

Since weather overall was warmer than normal, the net impact of the WNA Rider on the Company's revenues was that residential customers were **surcharged \$587,163** and commercial customers were **surcharged \$613,430**. This equates to an increase in residential sales revenues of 1.12% and an increase in commercial sales revenues of 1.91% (See Table 1). This surcharge is a decrease from the amount surcharged during the previous year, when residential and commercial customers were surcharged \$1,386,061 and \$1,566,913 respectively. (See Table 2 for a comparison of the last three heating seasons.)

Table 1

**Impact of WNA Rider on Residential & Commercial Revenues
October 2020- April 2021**

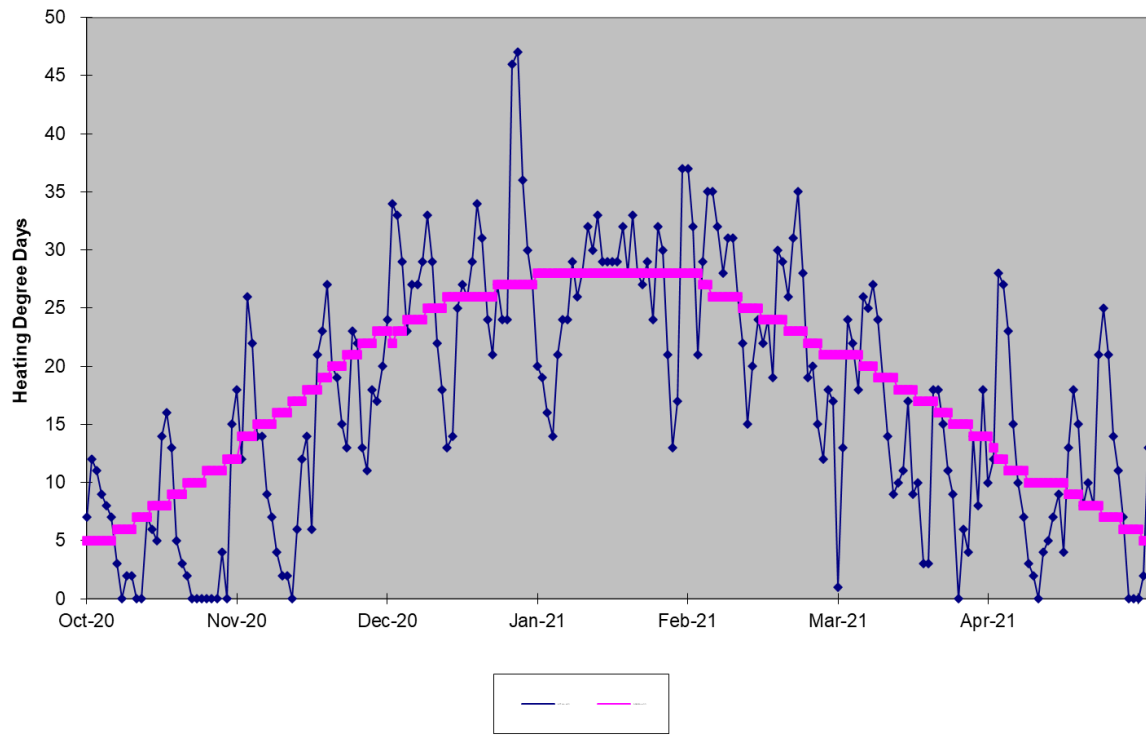
	<u>WNA Rider Revenues</u>	<u>Total Revenues</u>	<u>Percentage Impact of WNA Rider On Revenues</u>
Residential Sales	\$587,163	\$52,449,182	1.12%
Commercial Sales	<u>613,430</u>	<u>32,147,731</u>	<u>1.91%</u>
Total	<u>\$1,200,593</u>	<u>\$84,596,913</u>	<u>1.42%</u>

Table 2

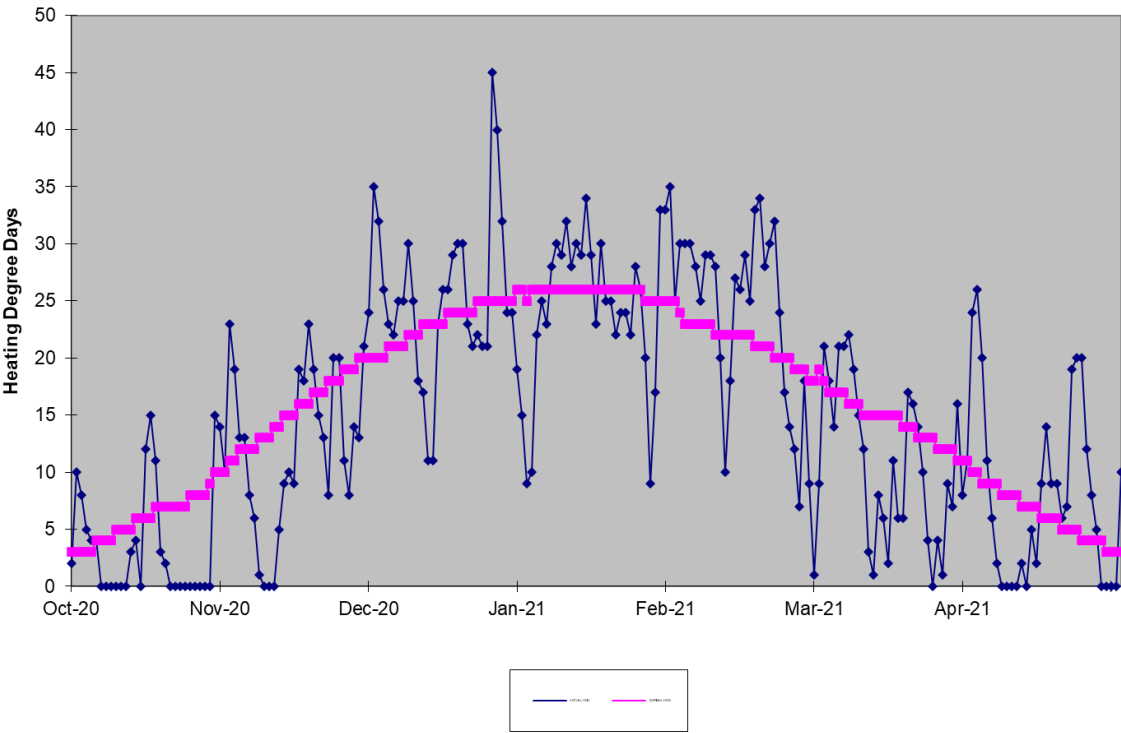
**Amount Surcharged (Refunded)
2018 - 2021**

	<u>Residential</u>	<u>Commercial</u>	<u>Total Surcharge/(Refund)</u>
10/18-4/19	400,577	487,475	888,052
10/19-4/20	1,386,061	1,566,913	2,952,974
10/20-4/21	<u>587,163</u>	<u>613,430</u>	<u>1,200,593</u>
Total	<u>\$ 2,373,801</u>	<u>\$ 2,667,818</u>	<u>\$ 5,041,619</u>

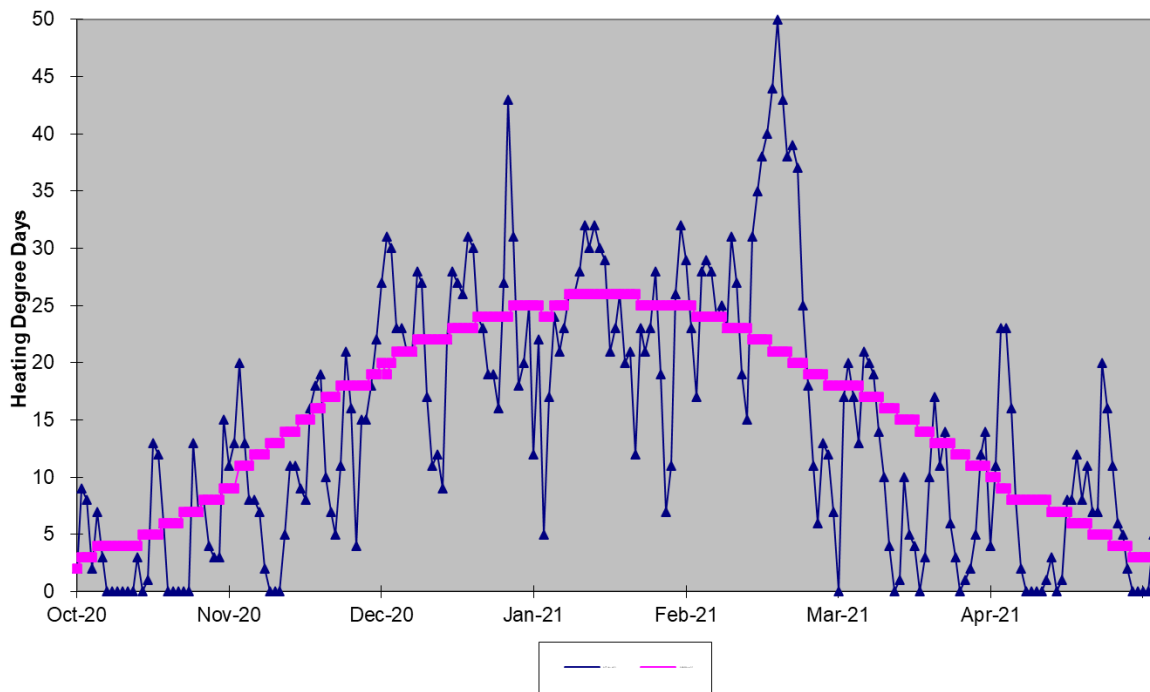
**Atmos Energy Corporation
Comparison of Actual to Normal Heating Degree Days
Bristol Weather Station**



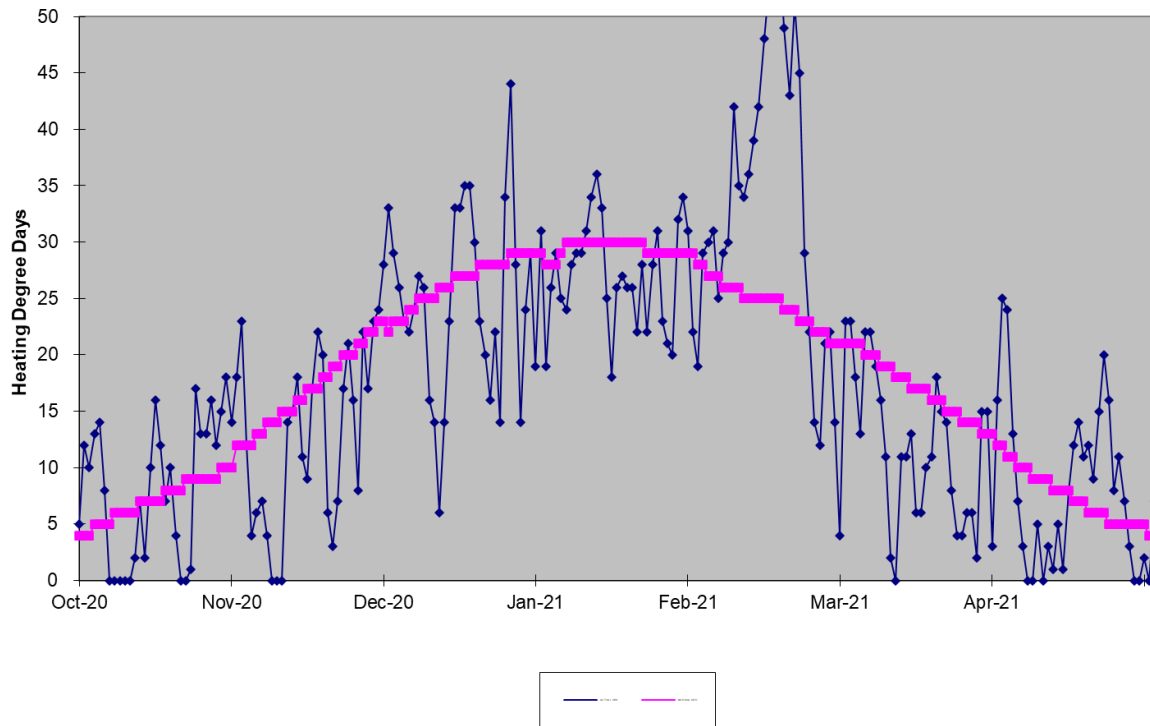
**Atmos Energy Corporation
Comparison of Actual to Normal Heating Degree Days
Knoxville Weather Station**



**Atmos Energy Corporation
Comparison of Actual to Normal Heating Degree Days
Nashville Weather Station**



**Atmos Energy Corporation
Comparison of Actual to Normal Heating Degree Days
Paducah Weather Station**



FINDING #1:

Exception

The Company used inaccurate actual daily heating degree days (ADD) in the calculation of the WNA factor.

Discussion

The audit period consisted of 968 weather observations (242 days in the period times four weather stations). Audit results indicate that the Company used inaccurate actual daily heating degree days in the calculation of the WNA factor on seven (7) days for the Bristol weather station, three (3) days for the Knoxville weather station, six (6) days for the Nashville weather station, and four (4) days for the Paducah weather station for a total of twenty (20) weather observations. These inaccuracies are due to differences in daily heating degree days published in NOAA's Local Climatological Data report¹⁰ and the daily heating degree days that the Company used in calculating its WNA factors.¹¹ In order to timely bill its customers, the Company must obtain actual degree day information from its weather information source(s) on a real time basis. The WNA Rider and the Staff's audit of this Rider are based on the official NOAA publication, which typically has a two-month lag between the date weather data is collected and the official NOAA reports are published. Therefore, Staff recognizes that discrepancies can be caused by the Company's weather information source through no fault of the Company.

Weather Station/ Date	NOAA Actual Degree Days	Company Actual Degree Days	Difference
<u>Bristol:</u>			
1/01/2021	16	8	8
1/02/2021	14	7	7
1/03/2021	21	19	2
1/04/2021	24	22	2
1/18/2021	33	32	1
2/19/2021	31	30	1
2/22/2021	19	18	1
		Total	22

¹⁰ This published report is the official data supplied by NOAA and is the standard that the Staff uses to audit the Weather Normalization Adjustment Rider.

¹¹ See Table below for detail of the differences.

Weather Station/ Date	NOAA Actual Degree Days	Company Actual Degree Days	Difference
<u>Knoxville:</u>			
10/13/2020	3	2	1
11/04/2020	13	9	4
1/25/2021	20	17	3
		Total	8

Weather Station/ Date	NOAA Actual Degree Days	Company Actual Degree Days	Difference
<u>Nashville:</u>			
11/15/2020	8	7	1
12/30/2020	12	13	-1
1/06/2021	26	24	2
1/28/2021	32	31	1
4/10/2021	1	0	1
4/25/2021	5	4	1
		Total	5

Weather Station/ Date	NOAA Actual Degree Days	Company Actual Degree Days	Difference
<u>Paducah:</u>			
2/25/2021	21	18	3
3/19/2021	18	17	1
3/31/2021	16	15	1
4/01/2021	25	24	1
		Total	6

These actual heating degree day differences resulted in a **net over-recovery of \$52,842.05** in WNA revenues.¹²

¹² The net over-recovery is comprised of \$32,216.72 over-recovery for Bristol, \$7,075.20 over-recovery for Knoxville, \$12,663.87 over-recovery for Nashville, and \$886.26 over-recovery for Paducah.

Recommendation

Since the dollar amount of this finding is immaterial on a per customer basis, Staff recommends that the over-recovery be added to the Company's Actual Cost Adjustment (ACA) Account Balance in the next ACA audit filed with the Commission, as has been this Commission's custom.

Company Response

Atmos Energy acknowledges use of preliminary data for its monthly billing of WNA when actual NOAA data was not yet available. The Company agrees that \$52,842.05 net over-recovery is a reasonable assessment of the impact of these billing inaccuracies for the 2020-2021 heating season. We agree to include this correction in the next ACA filing as recommended.

FINDING #2:

Exception

The Company used inaccurate normal daily heating degree days (NDD) in the calculation of the WNA factor.

Discussion

Normal daily heating degree days (NDD) to be used in the calculation of the WNA factors are established based on the most recent available thirty (30) year average of weather data. Originally, recalculation of normal heating degree days took place within the context of a rate case filing. Atmos, however, now has an annual rate review mechanism (ARM) that provides for a revision of its rates annually based on current income, expense and investment data. This includes an update to its WNA formula factors and normal degree days. This past year the Commission approved a change in Atmos ARM filing requirements from two annual filings to one annual filing. This created a “gap” year relative to the normal degree day update as performed in an ARM filing. Atmos, therefore, for the 2020-2021 heating season, updated the normal degree days based on the thirty (30) average ended September 30, 2019 and provided the results to Staff. Staff used these updated NDD in its audit of the WNA factor calculations.

Audit results showed that Atmos used normal heating degree days that were different from those provided on one day for the Nashville weather station and five (5) days for the Paducah weather station.

Weather Station/ Date	Updated Normal Degree Days	Company Normal Degree Days	Difference
<u>Nashville:</u>			
9/30/2020	2	3	-1

Weather Station/ Date	Updated Normal Degree Days	Company Normal Degree Days	Difference
<u>Paducah:</u>			
9/20/2020	1	2	-1
9/21/2020	1	2	-1
9/22/2020	1	2	-1
9/23/2020	1	2	-1
9/24/2020	1	2	-1
		Total	-5

These normal heating degree day differences resulted in a **net over-recovery of \$3,705.53** in WNA revenues.¹³

¹³ The net over-recovery is comprised of \$3,040.80 over-recovery for Nashville, and \$664.73 over-recovery for Paducah.

Recommendation

Based on the immaterial amount of the net over-recovery on a per customer basis, Staff recommends that this over-recovery be added to the Company's Actual Cost Adjustment (ACA) Account Balance in the next ACA audit filed with the Commission.

Company Response

The Company agrees with Staff findings and will add this over-recovery to the Company's Actual Cost Adjustment Account Balance in its next ACA audit filing.

VII. CONCLUSIONS AND RECOMMENDATIONS

The Company has satisfactorily responded to Staff's Finding #1 and #2. As stated in Section I, except for the findings noted, Staff concludes that it appears that Atmos is correctly implementing the mechanics of its WNA Rider in all material respects. **Staff recommends that the Company include the net over-recovery of \$56,547.58 in its next available Actual Cost Adjustment filing with the Commission. Atmos has agreed to do so.**

WNA audit filings in general historically have been immaterial when spread over the customer base that are subject to the weather adjustments. There is no mechanism within the Weather Normalization Adjustment Rider to true up any over- or under-recoveries. Since identifying and rebilling individual customers would be cost prohibitive, Staff recommends in those cases that the finding amounts be charged or credited to the Company's Actual Cost Adjustment (ACA) Account, which covers essentially the same customer base. Staff then reviews subsequent ACA filings to verify that this has been done.

Based on Staff's review of the recent ACA filings, there are still two outstanding WNA over-recovery amounts that have not been credited to the ACA Account as agreed to by Atmos:

1. WNA Docket No. 19-00065 identified a net **\$37,284.64 over-recovery**. It was not credited in Atmos ACA Docket No. 19-00075 due to insufficient timing to allow the Company to include it. Staff reviewed the next ACA filing (Docket No. 20-00105) and discovered that the over-collection was not included in that filing as well.
2. WNA Docket No. 20-00092 identified a net **\$15,304.05 over-collection**. Since the Staff's report was filed with the Commission on August 28, 2020 and Atmos' annual ACA filing was filed on August 31, 2020. Atmos, was unable to include this over-collection in its most recent ACA filing (Docket No. 20-00105).

Staff, therefore, expects that these two identified over-collections will be included in the current ACA filing covering the period July 1, 2020 – June 30, 2021, which should be filed by the end of this month. Staff will review the filing when it is received to verify.

Staff appreciates and thanks the Company staff for their cooperation during this audit process.

ATTACHMENT 1

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER (Continued)

HSF _i	=	heat sensitive factor for the i th schedule or classification utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues
NDD	=	normal billing cycle heating degree days utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues
ADD	=	actual billing cycle heating degree days
Bl _i	=	base load sales for the i th schedule or classification utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues

Filing with Regulatory Authority

The Company will file as directed by the Regulatory Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

Heat Use/Base Use Factors

<u>Town</u>	<u>Residential/PA</u>		<u>Commercial / Small Industrial</u>		
	<u>Base use</u> <u>Ccf</u>	<u>Heat use</u> <u>Ccf/HDD</u>	<u>Base use</u> <u>Ccf</u>	<u>Heat use</u> <u>Ccf/HDD</u>	
Union City	5.88	.150608	141.30	.472331	I, R
Columbia Shelbyville Franklin Murfreesboro	10.00	.159235	124.24	.600619	I
Maryville Morristown	8.12	.121180	109.35	.665274	I, R
Johnson City Elizabethton Kingsport Greeneville Bristol	8.04	.124162	114.48	.634807	I, R