

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:

**ATMOS ENERGY CORPORATION
TENNESSEE DIRECT,
KENTUCKY/MID-STATES DIVISION,
AND SHARED SERVICES UNIT
DEPRECIATION STUDY**

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DOCKET NO. 23-00050

**SUPPLEMENTAL TESTIMONY
OF
MICHAEL J. MAJOROS, JR**

October 26, 2023

1 **I. Introduction**

2 **Q1. Please state your name and summarize your position and qualifications.**

3 A1. My name is Michael J. Majoros, Jr. I am president of Snavely King Majoros & Associates,
4 Inc. ("Snavely King Majoros" or "SKM"). SKM is an economic consulting firm
5 specializing in public utility and telecommunications costs and rates.

6 **Q2. Did you file Direct Testimony in this proceeding?**

7 A2. Yes.

8 **Q3. Did your Direct Testimony contain a listing of your qualifications and appearances**
9 **before state and federal regulatory bodies?**

10 A3. Yes.

11 **Q4. On whose behalf are you submitting this Supplemental Testimony?**

12 A4. I am submitting this Supplemental Testimony on behalf of the Consumer Advocate
13 Division of the Office of The Tennessee Attorney General ("Consumer Advocate").

14 **II. Purpose**

15 **Q5. Why are you submitting this Supplemental Testimony?**

16 A5. The Hearing Officer requested that I submit supplemental testimony regarding the
17 settlement of "service lives" aspect of this proceeding. As a result of settlement
18 discussions, the Company and the Consumer Advocate have agreed to resolution of the
19 provisions of the depreciation study regarding the service lives issue. The Consumer
20 Advocate has accepted the Company's service life requests as originally stated in the
21 initially filed testimony of Ned Allis but will continue to litigate the cost of removal issue
22 in this proceeding. The Company has accepted the Consumer Advocate's withdrawal of its

objection to the services lives issue and is also submitting supplemental testimony stipulating to this agreement.

III. Background

Q6. Please summarize the background of this stipulation.

A6. Mr. Allis conducted a depreciation study that “results in an increase of approximately \$823,000 in depreciation expense for the Tennessee Direct Property ...” He stated that the increase is primarily the result of changes in service life and net salvage estimates he proposes in his Depreciation Study.¹

Q7. Did your Direct Testimony agree with Mr. Allis’s proposals?

A7. No, my recommendations reduced Mr. Allis’s \$823,000 increase to a \$4,167,909 decrease for a total difference of \$4,990,909.² Two primary adjustments account for the difference:

1. First, I recommended five service lives which are longer than the lives Mr. Allis proposes to better align the depreciation rates for these accounts with the actual results of the study. My disagreement with Mr. Allis’s service life requests revolves around Account-378 Measuring and Regulating Equipment. The life study differences account for \$476,451 of the \$4,990,909 total difference between Mr. Allis and me.
2. The remaining \$4,514,458 of the difference results from my recommendation to discontinue and disallow the Company’s unnecessary allocation of arbitrary portions of actual replacement plant additions to the cost of removal element of net salvage.

Q8. Why did the Consumer Advocate agree to settle the service life issue?

A8. The Consumer Advocate is concerned about the Company’s allocation of replacement plant additions to cost of removal and thus increasing depreciation expense charges to ratepayers.

¹ Direct Testimony of Ned W. Allis (“Allis Testimony”) page 4.

² See Exhibit (MJM-1).

1 Thus, Consumer Advocate concluded that it would be more appropriate to focus attention
2 on that issue alone.

3 **Q9. Is the Consumer Advocate conceding the service life issue?**

4 A9. No. The Consumer Advocate does not concede the service life issue. It is merely
5 withdrawing its objection to Mr. Allis's service lives for the purpose of settlement of the
6 specific issue in this docket to focus on the cost of removal issue. The Consumer
7 Advocate's acceptance of the Company's originally filed service lives does not necessarily
8 reflect the positions asserted by the Consumer Advocate. The Consumer Advocate is not
9 acquiescing or agreeing to any adjustment or accounting methodology or procedural
10 principle regarding the service lives issue; it is merely withdrawing its objection for
11 settlement purposes and is not waiving the right to pursue the issue in subsequent future
12 dockets.

13 **Q11. Have you prepared an exhibit memorializing the settlement?**

14 A11. Yes, Exhibit (MJM-8) memorializes the settlement.

15 **Q12. Does this conclude your Supplemental Testimony?**

16 A12. Yes, it does.

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AFFIDAVIT

I, Michael J. Majoros, Jr., on behalf of the Consumer Advocate Division of the Attorney General's Office hereby certify that the attached Supplemental Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


MICHAEL J. MAJOROS, JR

Sworn to and subscribed before me

This 26th day of October, 2023.


NOTARY PUBLIC



My Commission Expires: January 31, 2027.

ATMOS ENERGY CORPORATION
TENNESSEE DIRECT PROPERTY
SNAVELY KING MAJOROS & ASSOCIATES, INC. PROPOSALS ADJUSTED FOR SERVICE LIFE STIPULATION
SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND
CALCULATED ANNUAL DEPRECIATION RATES RELATED TO GAS PLANT AS OF SEPTEMBER 30, 2022

ACCOUNT	STIPULATED SURVIVOR CURVE	SKM PERCENT	ORIGINAL COST AS OF SEPTEMBER 30, 2022	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT	COMPOSITE REMAINING LIFE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)
TRANSMISSION PLANT							
365.20 RIGHTS OF WAY	70 - R4	0.0	348,971	87,161	251,820	5,289	1.51
368.00 STRUCTURES AND IMPROVEMENTS	30 - R3	0.0	2,879	2,016	864	72	2.89
369.00 MAINS - CATHODIC PROTECTION	25 - R4	0.0	91,687	35,352	56,335	3,781	4.12
367.01 MAINS - STEEL	60 - R3	1.2	11,734,621	6,297,993	5,256,822	233,296	1.99
369.00 MEASURING AND REGULATING STATION EQUIPMENT	45 - R3	1.2	1,690,856	1,476,675	189,891	13,654	0.81
			21				41.2 31
TOTAL TRANSMISSION PLANT			13,668,816	7,908,176	5,798,533	266,072	1.86
DISTRIBUTION PLANT							
374.02 LAND RIGHTS	70 - R4	0.0	5,167,861	462,584	4,705,287	73,235	1.42
375.00 STRUCTURES AND IMPROVEMENTS	45 - R4	0.0	344,595	63,123	281,472	7,085	2.23
376.00 MAINS - CATHODIC PROTECTION	25 - R4	0.0	1,938,059	619,129	1,322,930	65,338	3.37
376.01 MAINS - STEEL	70 - R3	1.2	120,229,044	31,814,342	88,963,061	1,507,159	1.25
376.02 MAINS - PLASTIC	70 - R4	1.2	307,453,801	97,766,807	205,956,548	3,671,935	1.19
376.03 MAINS - ANODES	20 - SQ	0.0	1,314,524	529,272	785,252	65,755	5.00
376.04 MAINS - LEAK CLAMPS	20 - SQ	0.0	3,732,989	2,523,276	1,209,722	166,788	5.00
378.00 MEASURING AND REGULATING STATION EQUIPMENT	45 - R3	0.0	25,036,975	6,302,858	18,733,817	541,440	2.16
379.00 SERVICES	50 - R1.5	1.2	16,507,221	4,156,631	12,344,317	379,545	2.30
381.00 METER INSTALLATIONS	30 - R2	1.2	52,101,072	13,054,519	38,422,229	1,574,682	3.02
382.00 HOUSE REGULATORS	35 - R3	1.2	32,818,982	18,370,423	14,054,742	702,737	2.14
383.00 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT	35 - R3	1.2	11,388,908	5,527,516	7,704,965	280,161	2.46
	40 - R3	1.2	774,923	255,925	509,699	17,278	2.23
			21				29.5 31
TOTAL DISTRIBUTION PLANT			752,974,792	220,295,894	524,093,617	12,475,971	1.66
GENERAL PLANT							
380.00 STRUCTURES AND IMPROVEMENTS	35 - R3	10.0	7,911,346	3,797,330	3,322,861	109,129	1.38
380.09 STRUCTURES AND IMPROVEMENTS - IMPROVEMENTS - LEASED	25 - SQ	0.0	304,869	181,250	123,656	12,194	4.00
391.00 OFFICE FURNITURE AND EQUIPMENT	20 - SQ	0.0	480,829	84,839	378,056	23,047	5.00
392.00 TRANSPORTATION EQUIPMENT	8 - L3	20.0	801,525	529,461	111,758	19,335	2.41
393.00 STORES EQUIPMENT	25 - SQ	0.0	3,271	0	0	0	-
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT	15 - SQ	0.0	4,944,332	1,627,500	3,316,832	329,860	6.87
396.00 POWER OPERATED EQUIPMENT	9 - L2.5	5.0	4,321	3,149	595	273	6.32
396.03 POWER OPERATED EQUIPMENT - DITCHERS	9 - L2.5	5.0	19,046	12,788	6,191	2,143	10.74
397.00 COMMUNICATION EQUIPMENT	15 - SQ	0.0	124,208	64,238	59,869	8,280	6.67
398.00 MISCELLANEOUS EQUIPMENT	15 - SQ	0.0	1,418,784	877,030	541,784	94,638	6.67
399.01 OTHER TANGIBLE PROPERTY - SERVERS	7 - SQ	0.0	61,459	35,175	26,284	8,784	14.29
399.06 OTHER TANGIBLE PROPERTY - PC HARDWARE	5 - SQ	0.0	892,000	403,250	489,750	178,432	20.00
			16,947,927	7,619,282	8,376,111	766,136	4.64
TOTAL GENERAL PLANT			753,790,634	236,024,332	638,267,261	13,618,178	1.72
NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED							
392.00 FRANCHISES AND CONSENTS			241,284		241,284		
395.10 LAND AND LAND RIGHTS			729,629				
374.00 LAND AND LAND RIGHTS			6,559,337				
399.00 LAND AND LAND RIGHTS			2,239,665				
TOTAL NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED			9,769,214		241,284		
TOTAL GAS PLANT			793,559,849		236,065,616		

1/ STIPULATED

2/ From Exhibit (MM-6)

3/ From Exhibit (MM-3)

Yellow highlighting indicates differences between Mr. Allis and SKM.