

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION]
OF ATMOS ENERGY CORPORATION FOR]
ADJUSTMENT OF ITS NATURAL GAS] KCC Docket No. 19-ATMG-525-RTS
RATES IN THE STATE OF KANSAS]

DIRECT TESTIMONY OF

ANDREA C. CRANE

RE: REVENUE REQUIREMENTS

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

REDACTED VERSION

October 31, 2019

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1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Andrea C. Crane and my business address is 2805 E. Oakland Park Boulevard,
4 #401, Fort Lauderdale, FL 33308.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes in
8 utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and
9 undertake various studies relating to utility rates and regulatory policy. I have held several
10 positions of increasing responsibility since I joined The Columbia Group, Inc. in January
11 1989. I became President of the firm in 2008.

12

13 **Q. Please summarize your professional experience in the utility industry.**

14 A. Prior to my association with The Columbia Group, Inc., I held the position of Economic
15 Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to
16 January 1989. From June 1982 to September 1987, I was employed by various Bell
17 Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the
18 Product Management, Treasury, and Regulatory Departments.

19

20 **Q. Have you previously testified in regulatory proceedings?**

21 A. Yes, since joining The Columbia Group, Inc., I have testified in over 400 regulatory
22 proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Hawaii, Kansas,

1 Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania,
2 Rhode Island, South Carolina, Vermont, Washington, West Virginia and the District of
3 Columbia. These proceedings involved gas, electric, water, wastewater, telephone, solid
4 waste, cable television, and navigation utilities. A list of dockets in which I have filed
5 testimony since January 2008 is included in Appendix A.
6

7 **Q. What is your educational background?**

8 A. I received a Master of Business Administration degree, with a concentration in Finance,
9 from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A.
10 in Chemistry from Temple University.
11

12 **II. PURPOSE OF TESTIMONY**

13 **Q. What is the purpose of your testimony?**

14 A. Atmos Energy Corporation (“Atmos” or “Company”) provides service to approximately
15 135,000 Kansas customers in 110 communities located in 32 counties. On June 28, 2019,
16 Atmos filed an Application with the Kansas Corporation Commission (“KCC” or
17 “Commission”) seeking a base rate increase of \$9,636,668 or 16.12% for its natural gas
18 operations in Kansas. The proposed base rate increase includes certain costs that are
19 currently being recovered through the annual Gas System Reliability Surcharge (“GSRS”),
20 which is currently recovering \$3,291,419 in annual surcharges. In addition to its requested
21 base rate increase, the Company is seeking a rate case expense rider, which would increase
22 rates by another \$817,882 for a period of one year. The net impact on ratepayers of the

1 base rate increase, the rate case rider, and the resetting of the GSRS would result in an
2 overall increase of approximately \$7,163,131.

3 The requested increase would result in an average monthly increase for residential
4 customers of approximately \$7.48 million or 17.78%. The Company's last base rate case
5 was filed in August 2015, based upon a test year ending March 31, 2015.¹ Rates in the 16-
6 079 Docket were effective for service provided on or after March 17, 2016.

7 In addition to the proposed rate increase, Atmos is requesting the establishment of
8 a System Integrity Program ("SIP") Tariff to reflect quarterly revenue requirement
9 increases related to certain infrastructure replacement projects.

10 The Columbia Group, Inc. was engaged by the State of Kansas, Citizens' Utility
11 Ratepayer Board ("CURB") to review the Company's Application and to provide
12 recommendations to the KCC regarding the Company's revenue requirement. In addition
13 to my testimony, CURB is sponsoring the testimony of several other witnesses in this case.
14 Dr. J. Randall Woolridge is submitting testimony on cost of capital and capital structure
15 issues, Glenn Watkins is filing testimony on rate design and class cost of service issues,
16 James Garren is filing testimony on depreciation rate issues, and Josh Frantz is filing
17 testimony on the SIP Tariff.

1 KCC Docket No. 16-ATMG-079-RTS ("16-079 Docket").

1 **Q. What are the most significant issues in this rate proceeding?**

2 A. The most significant accounting issues driving Atmos’s rate increase request are 1) the
3 Company’s claim for a return on equity of 10.25% and a capital structure consisting of
4 60.12% equity, 2) the Company’s request to significantly increase its depreciation rates, 3)
5 return requirements associated with plant-in-service additions since the last base rate case,
6 4) the Company’s request to include construction work-in-progress (“CWIP”) in rate base,
7 5) incremental salary and wage expenses and associated benefits, and 6) the Company’s
8 request to recover rate case costs over one year through a rider mechanism.

9

10 **III. SUMMARY OF CONCLUSIONS**

11 **Q. What are your conclusions concerning the Company’s revenue requirement and its
12 need for rate relief?**

13 A. Based on my analysis of the Company’s filing and other documentation in this case, my
14 conclusions are as follows:

- 15 1. The twelve-month period ending March 31, 2019, as adjusted, is an acceptable test
16 year to use in this case to evaluate the reasonableness of the Company’s claim.
- 17 2. Atmos has a test year, pro forma rate base of \$238,907,718 as shown in Schedule
18 ACC-3.²

2 Schedules ACC-1, ACC-20, and ACC-21 are Summary Schedules, Schedule ACC-2 is a Cost of Capital Schedule, Schedules ACC-3 and ACC-4 are Rate Base Schedules, and Schedules ACC-5 to ACC-19 are operating income schedules.

- 1 3. The Company has pro forma operating income at present rates of \$15,498,693, as
2 shown in Schedule ACC-5.
- 3 4. Based on my adjustments and the recommendations of Dr. Woolridge and Mr.
4 Garren, Atmos has a test year, pro forma, revenue deficiency of \$134,095 as shown
5 on Schedule ACC-1. This is in contrast to the Company's claimed deficiency of
6 \$9,636,668.
- 7 5. The pro forma deficiency of \$134,095 includes recovery of costs associated with
8 the current rate case. The KCC should deny the Company's request to implement
9 a one-year surcharge to recover rate case costs and instead should normalize rate
10 case costs in base rates over three years.
- 11 6. When the GSRS is reset to \$0, the net impact of my revenue requirement
12 recommendation is a net reduction of \$3,157,324, as shown on Schedule ACC-1.

13

14 **IV. COST OF CAPITAL AND CAPITAL STRUCTURE**

15 **Q. What is the cost of capital and capital structure that the Company is requesting in**
16 **this case?**

17 A. The Company's filing was based on an overall cost of capital of 7.98%, which includes
18 the following capital structure and cost rates, as shown in Section 7 of its Application:

19

	Percentage	Cost	Weighted Cost
Common Equity	60.12%	10.25%	6.16%
Long-Term Debt	39.88%	4.57%	2.82%
Total	100.00%		7.98%

20

21

1 **Q. Is CURB recommending any adjustments to this capital structure or cost of capital?**

2 A. Yes, as addressed by Dr. Woolridge in his testimony, CURB is recommending that the
3 KCC authorize a return on equity of 8.7% for Atmos. In addition, Dr. Woolridge is
4 recommending a capital structure that includes *****BEGIN CONFIDENTIAL** [REDACTED]
5 [REDACTED] **END CONFIDENTIAL*****

6
7 **Q. What is the overall cost of capital that CURB is recommending in this case?**

8 A. As shown on Schedule ACC-2, CURB is recommending an overall cost of capital for
9 Atmos of 6.81%, based on the following capital structure and cost rates:

10 *****BEGIN CONFIDENTIAL**

	Percentage	Cost	Weighted Cost
Long-Term Debt	[REDACTED]	[REDACTED]	[REDACTED]
Common Equity	[REDACTED]	[REDACTED]	[REDACTED]
Total	100.00%		6.81%

11

12 **END CONFIDENTIAL*****

13 Please see the testimony of Dr. Woolridge for a detailed discussion of CURB’s cost of
14 capital and capital structure recommendations.

15

16 **V. RATE BASE ISSUES**

17 **Q. What test year did the Company utilize to develop its rate base claim in this
18 proceeding?**

19 A. The Company selected a test year ending March 31, 2019.

1 **Q. Are you recommending any adjustment to the Company's rate base claim?**

2 A. Yes, I am recommending one adjustment to the Company's claim for construction work in
3 progress ("CWIP").
4

5 **Q. What is CWIP?**

6 A. CWIP is plant that is under construction, but which has not yet been completed and placed
7 into service. Once the plant is completed and serving customers, then the plant is booked
8 to utility plant-in-service and the utility begins to take depreciation expense on the plant.
9

10 **Q. How much CWIP did the Company include in its rate base claim in this case?**

11 A. The Company's rate base claim includes CWIP of \$11,110,143, as shown in Section 3 of
12 the filing. The details of the Company's CWIP claim are provided in Section 14A of the
13 filing.
14

15 **Q. How did Atmos develop its claim for CWIP?**

16 A. Atmos began with its actual CWIP balance of \$2,168,238 at the end of the test year. This
17 balance included Direct Kansas CWIP, as well as CWIP allocated to Kansas from other
18 Atmos divisions, as follows:
19

Kansas Direct	\$1,300,393
General Office (Div. 2)	\$576,365
Customer Support (Div. 12)	\$47,076
Colorado/Kansas General Office (Div. 30)	\$244,404
Total	\$2,168,238

22

1 Atmos then made two adjustments, as described on page 7 of Ms. Story’s testimony. First,
2 Ms. Story states that the Company removed “the accumulated cost of long-term projects
3 from CWIP.” Second, the Company included “CWIP spending in the amount that, in
4 addition to the balances at the end of the period, will be spent and closed in the Company’s
5 September 2019 books.” Therefore, the Company’s claim includes additional investment
6 over and above its test year CWIP balance that it projected would be placed in service by
7 September 2019, effectively extending the test year by an additional six months. The
8 Company did not include any post-test year expenditures for the other divisions and used
9 the actual CWIP balances for the General Office, Customer Support, and Colorado/Kansas
10 General Office divisions.

11
12 **Q. Do you believe that CWIP is an appropriate rate base element?**

13 A. No, I do not believe that CWIP is an appropriate rate base element. CWIP does not
14 represent facilities that are used or useful in the provision of utility service. In addition,
15 including this plant in rate base violates the regulatory principle of intergenerational equity
16 by requiring current ratepayers to pay a return on plant that is not providing them with
17 utility service and which may never provide current ratepayers with utility service.
18 However, I understand that the inclusion of CWIP in rate base is governed by statute.³

19 K.S.A. 66-128 provides for the KCC to determine the value of the property included
20 in rate base. The statute generally requires that “property of any public utility which has

³ I am not an attorney and my discussion of the CWIP statute is not intended as a legal interpretation of that statute, but rather provides my understanding of the statute from a ratemaking perspective.

1 not been completed and dedicated to commercial service shall not be deemed to be used
2 and required to be used in the public utility’s service to the public.”

3 However, the statute also provides that certain property “shall be deemed to be
4 completed and dedicated to commercial service” under certain circumstances.
5 Specifically, K.S.A. 66-128(b)(2) provides that,

6 Any public utility property described in subsection (b)(1) shall be deemed
7 to be completed and dedicated to commercial service if: (A) construction of
8 the property will be commenced and completed in one year or less; (B) the
9 property is an electric generation facility that converts wind, solar, biomass,
10 landfill gas or any other renewable source of energy; (C) the property is an
11 electric generation facility or addition to an electric generation facility; or
12 (D) the property is an electric transmission line, including all towers, poles
13 and other necessary appurtenances to such lines, which will be connected
14 to an electric generation facility.
15

16 **Q. Does the CWIP included by Atmos in its rate base claim meet the criteria outlined in**
17 **the statute?**

18 A. While I am not an attorney, I believe that most of the CWIP claimed by Atmos does not
19 meet the criteria outlined in the statute. The majority of the costs claimed by Atmos had
20 not been incurred by the end of the test year, and therefore these costs do not represent
21 “property” of the Company as of that date. Instead, the Company’s CWIP claim includes
22 significant costs that did not qualify as CWIP at the end of the test year. Inclusion of these
23 post-test year costs that had not been incurred by March 30, 2019, is an attempt to move
24 the Company’s test year out by an additional six months.

1 **Q. Does the Company’s claim include costs for new projects that were not even in CWIP**
 2 **at the end of the test year?**

3 A. Yes, it does. In addition to including additional expenditures for projects that were in
 4 CWIP at the end of the test year, the Company also included \$8.94 million of Kansas Direct
 5 expenditures that was not CWIP at March 31, 2019. These are costs that were not incurred
 6 by the end of the test year and accordingly should not be considered “property” used in the
 7 delivery of utility service as of that date. The statute referenced above applies the one-year
 8 in-service limit to “property”. With regard to expenditures made after the end of the test
 9 year, there was no associated “property” in CWIP by March 31, 2019.

10
 11 **Q. What level of CWIP do you recommend that the KCC include in the Company’s rate**
 12 **base?**

13 A. I am recommending that the KCC authorize the Company to include CWIP of \$1,307,897
 14 in rate base. This is composed of the following:

Kansas Direct	\$1,110,067
General Office (Div. 2)	\$150,754
Customer Support (Div. 12)	\$47,076
Colorado/Kansas General Office (Div. 30)	\$0
Total	\$1,307,897

15
 16
 17
 18
 19
 20 **Q. How did you develop the CWIP recommendation shown above?**

21 A. First, I began with the actual amounts that were booked to CWIP at March 31, 2019, the

1 end of the test year. I eliminated all expenditures that were made subsequent to the end of
2 the test year.

3 Second, I included only those projects that were completed and placed into service
4 within one year, based on the project start dates and project completion dates provided in
5 the response to Staff 1-26. This is consistent with the Kansas statute that requires a project
6 to commence and be completed within one year.

7 Third, the Company's CWIP claim included labor accruals that were not assigned
8 to specific projects. Therefore, for Kansas Direct projects, I first calculated the portion of
9 the CWIP project-specific costs at March 31, 2019, that commenced and were completed
10 within one year. I then applied the percentage of completed projects to the entire CWIP
11 claim for Kansas Direct projects, which effectively allocated a portion of the non-project-
12 specific accruals to the specific CWIP projects that I included in rate base. This
13 methodology was used for Kansas Direct projects and General Office (Division 2) projects.
14 All of the Customer Support (Division 12) projects commenced and were completed within
15 one year, so I accepted the Company's CWIP claim for the Customer Support division.
16 However, I excluded all CWIP for the Colorado/Kansas General Office (Division 30).

17
18 **Q. Why did you exclude all of the Colorado/Kansas Division CWIP?**

19 A. The vast majority of the Company's CWIP claim at March 31, 2019, in this division
20 involved estimated labor accruals allocated to these CWIP projects. In fact, out of the total
21 Division 30 CWIP of \$439,101, less than \$43,000 represents actual project costs. The vast
22 majority of the CWIP claim for this division consists of either labor accruals or other

1 account payable accruals that are not project-specific. These accruals are subject to
2 revision in a subsequent month. Moreover, the CWIP that is identified as project-specific
3 for this division consists of desks, computers and other office equipment – items that do
4 not have a significant construction period and hardly meet the literal definition of
5 “construction work in progress.” For all these reasons, I recommend that all CWIP claimed
6 for the Colorado/Kansas General Office division be eliminated from the Company’s rate
7 base. As shown on Schedule ACC-4, my adjustment reduces the Company’s CWIP claim
8 by \$9,802,246.

9
10 **Q. Based on your recommended CWIP adjustments, what is the total rate base that you**
11 **are proposing for Atmos?**

12 A. As shown on Schedule ACC-3, I am proposing a pro forma rate base of \$238,907,718.
13 This represents an increase of approximately 21.3% over the pro forma rate base
14 recommended by CURB in the Company’s last base rate case.

15
16 **VI. OPERATING INCOME ISSUES**

17 **A. Residential Revenues**

18 **Q. How did the Company determine its pro forma revenue claim in this case?**

19 A. Atmos began with its actual test year revenues. The Company then made an adjustment to
20 normalize revenues for normal weather, based on a thirty-year period as determined by the
21 National Oceanic and Atmospheric Administration (“NOAA”). The Company also made
22 an adjustment to reflect the impact of two firm transportation customers switching to

1 commercial service during the test year. Finally, Atmos made an adjustment to reflect
2 proration of facilities charges for customers leaving or connecting to the system during the
3 test year.

4 The Company's revenue claim also includes the test year amount for Other
5 Revenue, adjusted to remove the test year Ad Valorem surcharge revenue.
6

7 **Q. Are you recommending any adjustment to the Company's pro forma revenue claim?**

8 A. Yes, I am recommending that the KCC adopt a revenue annualization adjustment to reflect
9 the growth in residential customers that occurred during the test year. While the actual
10 number of residential customers fluctuated each month, there were generally more
11 residential customers at the end of the test year than at the beginning of the year. This is
12 consistent with the historic data presented in Section 8 of the Company's filing, as well as
13 historic information provided in response to Staff 1-193.
14

15 **Q. Why do you believe that such an adjustment is necessary?**

16 A. Annualization adjustments are frequently made to reflect the fact that customers typically
17 increase from year-to-year. This is especially true of residential customers. In Section 8
18 of its Application, the Company provided information regarding the number of customers
19 over the past few years, by customer class. As shown in that exhibit, the average number
20 of residential customers increased from 122,221 for the twelve months ending December
21 31, 2016, to 124,569 for the twelve months ending December 31, 2018, an increase of
22 2,348 customers or approximately 1.92% over that period. By the end of the test year,

1 March 30, 2019, residential customers had increased to 124,799. The full impact of this
2 growth is not reflected in the Company's pro forma revenue claim because Atmos based
3 its claim on actual average customers during the test year. In fact, not only is this revenue
4 growth not fully reflected, but the Company also included a proration adjustment that
5 effectively had the result of reducing its residential meter count by 1.5%. Atmos claims
6 that this adjustment was necessary because it does not actually receive full facilities charges
7 for all customers that it serves, due to proration of bills and other adjustments.
8

9 **Q. What is the number of residential customers that the Company used to develop its**
10 **pro forma at present rates?**

11 A. As shown in the workpapers to Section 17 of the Company's filing, as a result of its
12 proration adjustment, Atmos's pro forma revenue claim is based on total residential bills
13 of 1,474,356, or an average of 122,863 residential customers. This represents a reduction
14 of 1.5% from the average actual number of customers during the test year. While I am not
15 opposing Atmos's proration adjustment, this adjustment does have a significant impact on
16 the Company's residential facilities revenue. If the KCC is going to recognize this proration
17 adjustment, it should similarly recognize the fact that actual residential customer counts
18 increased during the test year, as they have consistently from year to year. Therefore, I
19 have made an adjustment to annualize customer growth to reflect the growth in customer
20 counts during the test year. As shown on WP 17-4 to the Company's filing, the April 2018
21 residential customer count, after proration, was 123,502 and the prorated residential
22 customer count at March 31, 2019 was 124,203. Therefore, on a proration basis, residential

1 customers grew by 701 customers during the test year. Since, on average, only one-half of
2 this growth is reflected in the test year results, I have added revenue for an additional 350.5
3 customers (50% of 701).

4
5 **Q How did you quantify your adjustment?**

6 A. As shown on Schedule ACC-6, I have increased the Company's pro forma residential
7 revenue to reflect an additional 350.5 customers at the average margin per residential bill
8 of \$28.53. This is the average margin, after proration, derived by Atmos in Section 17.

9
10 **Q Does your adjustment assume that residential customers will increase every month?**

11 A. No, there are still likely to be seasonal changes in the number of residential customers. My
12 adjustment does not assume constant growth month-over-month. Nor is it intended to
13 reflect growth after the end of the test year. My adjustment simply reflects the actual
14 growth that took place during the test year but which is not fully reflected in the Company's
15 pro forma revenue claim.

16
17 **Q Why didn't you make an annualization adjustment for other customer classes?**

18 A. I limited my adjustment to the residential class because the Company made class-specific
19 adjustments to other customer classes. In addition, changes in customer counts in other
20 customer classes tend to be more volatile than changes in the residential class, which tend
21 to follow a fairly stable trend.

1 **B. Incentive Compensation Expense**

2 **Q. Please describe the Company’s incentive compensation programs.**

3 A. Atmos has three incentive compensation plans. The Variable Pay Plan (“VPP”) applies to
4 virtually all employees other than those included in the Company’s Management Incentive
5 Plan (“MIP”), described below. The VPP guidelines for performance measures included
6 in the plan description are primarily associated with financial performance. These
7 guidelines include: *****BEGIN CONFIDENTIAL**

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED] **END**

21 **CONFIDENTIAL*****

22

23 The second plan, the MIP, is a similar incentive program for executives and senior
24 management that is available to Atmos corporate officers, division presidents, directors,
25 and other key employees. The guidelines for MIP awards are identical to the guidelines
26 for VPP Awards. Awards under the MIP are made in cash, a portion of which can be
27 converted into stock or restricted share units.

28 The third incentive compensation plan is the Long-Term Incentive Plan (“LTIP”).
29 This plan is available to officers, executives, and a select group of key management

1 employees. Awards may include incentive stock options, non-qualified stock options,
2 SAR, Restricted Stock, Restricted Stock Unit, Performance Unit, Performance Share Bond
3 Stock or other stock award.

4 The Human Resources Committee of the Board has control over the issuance of all
5 three awards, and all three awards are issued largely at their discretion.

6
7 **Q. Do the Company’s incentive plans focus on parameters that directly benefit**
8 **ratepayers?**

9 A. No, they do not. The Company’s incentive compensation programs are heavily weighted
10 toward rewarding corporate earnings or are otherwise not directly related to factors that
11 directly benefit ratepayers. While the Company may allocate awards to individual
12 employees based on performance and other metrics, the magnitude of the awards is largely
13 tied to earnings thresholds. Thus, regardless of actual performance or employee
14 contribution, no awards are made unless certain financial parameters are met. This means
15 that, no matter how exceptional an individual employee’s performance may be, that
16 employee will not receive an incentive compensation award unless a threshold level of
17 shareholder earnings is achieved.

18 The VPP and MIP descriptions clearly focus on benefits to shareholders. For
19 example, the description of the MIP, provided in response to Staff 1-63, states that:

20 *****BEGIN CONFIDENTIAL**

21 
22 
23 

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED] **END CONFIDENTIAL*****

14
15 **Q. Have incentive compensation awards become more generous over the past few years?**

16 **A.** Yes, they have. As discussed in Staff 1-65, in fiscal year 2014, the target VPP award for
17 employees in pay grades 1-4 was increased from 2% to 3% of eligible earnings, the target
18 award for grades 5-6 was increased from 5% to 7.5%, and the target award for pay grade 7
19 was increased from 7.5% to 12%. These targets were subsequently increased again in fiscal
20 year 2015, when the award for employees in pay grades 1-4 was increased from 3% to 5%
21 of eligible earnings, the target award for grades 5-6 was increased from 7.5% to 10.0%,
22 and the target award for pay grade 7 was increased from 12% to 15%. Finally, in fiscal
23 year 2018, the VPP was increased again for pay grade 6, from 10.0% to 12.5%.

1 On January 1, 2019, the MIP target award for pay grade 12 was increased from
2 60% to 65% and grade 13 was increased from 85% to 90%. The LTIP target award also
3 increased on January 1, 2019, for pay grade 9E, from 50% to 60%, while pay grade 12
4 increased from 110% to 140%, pay grade 13 increased from 150% of the target to 165%,
5 and pay grade 14 increased from 200% to 250%.⁴ Therefore, employees are subject to
6 much higher incentive compensation awards than they were just a few years ago, resulting
7 in less transparency for ratepayers.

8
9 **Q. How much did the Company include in its filing relating to incentive compensation**
10 **programs?**

11 A. As shown in the response to Staff 1-300, the Company included VPP and MIP expenses of
12 \$868,451 and LTIP costs of \$338,173 in its claim. These costs reflect only the costs
13 allocated to the Kansas jurisdiction. The total Company costs relating to incentive
14 compensation awards were significant higher, since the Kansas allocation reflects only
15 about 4% of the amounts paid to Shared Services and Customer Support Division
16 employees and about 56% of the amounts incurred by the Colorado/Kansas office.

17
18 **Q. In addition to these expense allocations, do the incentive compensation awards have**
19 **a further impact on Kansas utility rates?**

20 A. Yes, they do. A substantial portion of the incentive compensation costs are not expensed

4 The higher the pay grade, the higher the level of employee.

1 but rather are booked as capitalized overhead. While these capitalized overheads are not
2 included in the Company's expense claim, a portion of these capitalized overheads are
3 allocated to Kansas rate base assets and therefore included in rate base as part of the
4 Company's plant-in-service claim or in other rate base components. Therefore, ratepayers
5 are likely incurring additional costs through a return on, and a return of, incentive
6 compensation costs that have been capitalized. In fact, almost 50% of all incentive
7 compensation costs were capitalized in the test year. Therefore, the incentive compensation
8 expenses allocated to Kansas do not capture all of the costs being paid by Kansas ratepayers
9 relating to these programs.

10
11 **Q. How much of the Company's incentive compensation awards were paid to officers?**

12 A. As shown in the Summary Compensation Table provided in the Company's 2019 Proxy
13 Statement, in fiscal year 2018 non-equity incentive compensation awards totaled
14 \$3,172,661 for the five Named Executive Officers ("NEOs"). In addition, the NEOs
15 received \$6,249,512 in stock awards. Mr. Cocklin, as Executive Chairman of the Board,
16 received \$1,137,267 in non-equity incentive compensation and \$2,348,916 in stock
17 awards. Mr. Cocklin's total compensation in fiscal year 2018 was \$4,351,020, including a
18 base salary of \$852,972. Base salaries in fiscal year 2018 for other NEOs ranged from
19 \$373,154 for Mr. Park and Mr. Akers to \$852,972 for Mr. Cocklin. Total compensation
20 ranged from \$1,400,153 for Mr. Park (Senior Vice President) to \$10,964,985 for Mr.
21 Haefner (President and Chief Executive Officer).

1 **Q. Do you believe that the incentive compensation program costs claimed by Atmos**
2 **should be passed through to ratepayers?**

3 A. No, I do not. The Company's incentive plans are heavily dependent upon financial
4 parameters. Moreover, a large portion of these costs are awarded to officers and other
5 highly compensated employees. In addition to incentive compensation awards, Atmos also
6 provided merit award increases to its employees both during and prior to the test year.
7 While I am not making any adjustments to the underlying base salaries for any employees,
8 including officers and other executives, ratepayers should not be required to pay for large
9 incentive compensation payments in addition to these generous base salaries.

10
11 **Q. Doesn't the Company use a compensation consulting firm to benchmark its**
12 **compensation?**

13 A. Yes, it does. Atmos utilizes compensation consulting firms, such as Pay Governance, to
14 evaluate its practices and provide information on compensation at other companies to use
15 as a benchmark for its compensation programs. However, the use of such benchmarks has
16 a detrimental effect on ratepayers as compensation costs spiral, especially at the executive
17 level.

18
19 **Q. Why do you believe that the use of benchmarking results in spiraling executive**
20 **compensation costs?**

21 A. Companies state that they must benchmark their compensation in order to be competitive.
22 However, such benchmarking actually results in ever-increasing executive compensation

1 levels. This is because companies generally target their compensation to the 50th percentile
2 of companies in the proxy group selected for benchmarking. Such practices tend to escalate
3 increases in compensation, especially for highly paid officers. These studies compare the
4 subject company's compensation to compensation in a broad range of other firms. Since
5 most companies do not want to find themselves in the lower half of the benchmark group,
6 companies that fall below the average typically increase their compensation – and hence
7 the average of the benchmark companies increases. This sets off a chain of events that
8 results in ever-increasing compensation levels as additional companies must increase their
9 compensation levels to avoid falling below the 50th percentile. The KCC should be
10 particularly wary of any compensation plans that utilities attempt to justify by means of
11 comparison to benchmark studies. It is not surprising that executive compensation levels
12 have risen dramatically over the past few years, along with the practice of benchmarking.

13
14 **Q. What do you recommend?**

15 A. I recommend that the KCC deny the Company's request for recovery of incentive
16 compensation costs. Many of these costs relate to incentive awards for a small number of
17 officers who are already well-compensated. Moreover, all of these awards are tied to
18 financial benchmarks that do not necessarily result in ratepayer benefit. These awards were
19 designed as incentives to enhance shareholder value. If the Company wants to reward
20 employees based, in whole or in part, on financial results then shareholders should be
21 willing to absorb these costs. This recommendation will require the Board of Directors to
22 establish incentive compensation plans that shareholders are willing to finance. As long as

1 ratepayers are required to pay the costs of these incentive plans, then there is no incentive
2 for management to control these costs. This is especially true since the officers and
3 executives of the Company are the primary beneficiaries of such plans. Therefore, I
4 recommend that the Company's claim for incentive compensation costs be denied. My
5 adjustment is shown in Schedule ACC-7. It should be noted that my adjustment only
6 includes the expense portion of these costs. Significant amounts of incentive compensation
7 costs are routinely capitalized and allocated to various plant accounts. It is difficult to
8 quantify the amounts allocated to each plant account and determine the ultimate impact of
9 this allocation on the Company's rate base, because these allocations have already been
10 embedded in the utility's various plant accounts. Therefore, my recommended incentive
11 compensation adjustment is conservative because it only adjusts the expense portion of
12 these costs.

13
14 **C. Payroll Tax Expense**

15 **Q. Are you recommending any adjustment to the Company's payroll tax claim?**

16 A. Yes, since I am recommending a reduction to the Company's payroll costs associated with
17 incentive compensation, it is necessary to make a corresponding adjustment to eliminate
18 certain payroll taxes associated with incentive compensation awards. At Schedule ACC-
19 8, I have made an adjustment to eliminate payroll taxes associated with my recommended
20 adjustments to the Company's incentive compensation programs.

1 **D. Pension and Other Post Employment Benefit (“OPEB”) Costs**

2 **Q. How did the Company develop its pension and OPEB expense claims in this case?**

3 A. In Docket No. 10-ATMG-495-RTS (“495 Docket”), the Company received authorization
4 to establish two tracking mechanisms for its pension and OPEB costs. Specifically, the
5 KCC authorized the Company to establish Tracker 1 to record the difference between its
6 annual pension/OPEB expense pursuant to Generally Accepted Accounting Principles
7 (“GAAP”) and the annual expense included in utility rates. The KCC authorized the
8 Company to amortize the associated regulatory asset or liability over a period not to exceed
9 five years in the Company’s next base rate case. In addition, the KCC authorized the
10 Company to establish Tracker 2, a regulatory asset or liability to accumulate the difference
11 between the current year pension/OPEB contributions made by the Company and the
12 current year GAAP pension/OPEB costs. The treatment of both trackers is consistent with
13 the treatment afforded other Kansas utilities, in that neither tracker is included in rate base
14 or accrues carrying charges.

15 Atmos is proposing several adjustments relating to its pension and OPEB costs.
16 First, it is proposing that the test year amortizations of the prior pension and OPEB deferrals
17 recorded in Tracker 1 be eliminated. Second, it is proposing that the projected Tracker 1
18 deferred pension and OPEB balances at March 30, 2020, be amortized over a three-year
19 period. Third, it is proposing to include costs associated with its Colorado/Kansas General
20 Office (Division 30) in future pension and OPEB deferrals.

1 **Q. Are you recommending any adjustments to the Company’s proposals with regard to**
2 **pension and OPEB costs?**

3 A. I am not recommending any adjustments to its proposals to eliminate the prior period
4 Tracker 1 amortization or to begin amortization of the current Tracker 1 balances over three
5 years. However, I am recommending that the pension and OPEB costs related to Tracker
6 1 be updated with actual results through August 31, 2019, which were provided in response
7 to Staff 1-236. This results in a slight increase to the projected March 30, 2020, deferred
8 liability balance. Since the KCC has authorized a true-up mechanism for pension and
9 OPEB expenses, it is important that the most updated information be used. My adjustment
10 is shown in Schedule ACC-9.

11
12 **Q. Do you support expanding the deferral mechanism to include the Colorado/Kansas**
13 **General Office?**

14 A. Yes, I do. While I generally oppose true-up mechanisms in utility rate proceedings, the
15 KCC has already approved the tracker mechanisms for pension and OPEB costs. There is
16 no reason to treat costs from the Colorado/Kansas General Office any differently than costs
17 that are directly incurred by the Kansas jurisdiction or allocated from Shared Services.
18 Therefore, I am not opposed to including costs from the Colorado/Kansas General Office
19 in the tracking mechanism on a perspective basis.

1 **E. Employee Benefits Expense**

2 **Q. How did the Company determine its employee benefits expense claim in this case?**

3 A. As shown in Workpaper 9-3, IS-2 to the Company’s filing, Atmos developed its pro forma
4 employee benefits expense adjustment by first determining the percentage of employee
5 benefit expenses to gross labor costs based on its 2019 budget. Employee benefit expenses
6 include medical, dental, pension and workers compensation costs. These costs were
7 determined to be 32.51% of Shared Services labor costs and 28.15% of Colorado/Kansas
8 business unit costs. These percentages were then applied to the Company’s pro forma
9 payroll expense adjustments to determine the corresponding adjustments to employee
10 benefit expenses.

11
12 **Q. Are you recommending any adjustment to the Company’s claim for employee benefit**
13 **expenses?**

14 A. Yes, I am recommending that the KCC reject the Company’s proposed adjustment to
15 employee benefit costs. The proposed adjustment is based on the assumption that an
16 increase in labor costs will result in a proportional increase in employee benefit costs.
17 However, the majority of these costs do not increase proportionately with increases in
18 payroll costs. Atmos is self-insured for medical costs, which are dependent upon many
19 factors including the degree to which covered employees utilize medical services each year
20 and trends in the underlying costs. Moreover, the Company is continually introducing
21 changes to its medical and dental plans that will mitigate its financial exposure. More
22 importantly, budgets for both labor and benefit costs are just that – budgets, and do not

1 represent known or measurable changes to actual test year results.

2 In addition, the pension and OPEB costs included in the Company's adjustment are
3 impacted by many factors other than labor increases, such as mortality statistics, market
4 returns, and the discount rates utilized in the actuarial studies. In addition, the Company
5 already has a tracking mechanism in place for pension and OPEB costs and therefore is
6 made whole for any shortfalls between actual costs incurred each year and the pension and
7 OPEB costs reflected in rates. For all these reasons, I recommend that the KCC reject the
8 Company's proposed benefit expense adjustment. My adjustment to reduce the Company's
9 claim for employee benefit costs is shown in Schedule ACC-10.

10
11 **F. Non-Qualified Retirement Plan Expense**

12 **Q. Does the Company offer any Supplemental Executive Retirement Plans ("SERP") to**
13 **officers and executives?**

14 A. Yes, it does. These non-qualified plans provide supplemental retirement benefits for key
15 executives that are in addition to the normal retirement programs provided by the
16 Company. By offering a non-qualified plan, a company is able to provide additional
17 benefits to highly paid officers and executives that cannot be provided under "qualified"
18 plans, which limit the amount of compensation that can be considered for purposes of
19 determining pension benefits. The current compensation limit is \$280,000. In addition,
20 non-qualified plans allow a company to avoid rules and regulations that apply to qualified
21 plans, e.g., rules that prohibit discrimination among employees with regard to retirement
22 benefits. Non-qualified plans generally do not need to meet the requirements of the

1 Employee Retirement Income Security Act ("ERISA"). Non-qualified plans also do not
2 qualify for the more favorable tax treatment that is available to qualified retirement plans
3 under the Internal Revenue Service ("IRS") Tax Code.

4
5 **Q. What benefits are offered under the Atmos plan?**

6 A. According to the Company's most recent Proxy Statement,

7 Messrs. Cocklin, Haefner and Akers participate in the Company's SERP,
8 which provides retirement benefits (as well as supplemental disability and
9 death benefits) to certain officers and division presidents. The SERP
10 provides that an officer or division president who has participated in the
11 SERP for at least two years and has attained age 55 is entitled to an annual
12 supplemental pension in an amount that, when added to their annual pension
13 payable under the PAP [Pension Account Plan], equals 60% of their
14 compensation, subject to reductions for less than ten years of employment
15 and for retirement prior to age 62. The SERP covers compensation in an
16 amount equal to the sum of (a) the greater of the participant's annual base
17 salary at the date of termination of employment or the average of the
18 participant's annual base salary for the highest of three calendar years
19 (whether or not consecutive) of employment with the Company and (b) the
20 greater of the amount of the participant's last award under any of the
21 Company's annual performance bonus or incentive plans or the average of
22 the participant's highest three performance awards under such plans
23 (whether or not consecutive). The amount of current compensation covered
24 by the SERP at the end of fiscal 2018 for the following named executive
25 officers listed in the Summary Compensation Table is as follows: Mr.
26 Cocklin, \$2,284,653; Mr. Haefner, \$1,977,408 and Mr. Akers, \$676,516.

27
28 Messrs. Forsythe and Park participate in the Account Balance SERP, which
29 is a non-qualified defined contribution plan that provides an annual
30 contribution of 25 percent, which percentage is established by the Board of
31 Directors for participants who are members of the Company's Management
32 Committee, of the participant's total annual earnings (base salary and
33 incentive payment under our Annual Incentive Plan) into a notional
34 supplemental retirement account. Since it was adopted in August 2009, the
35 Account Balance SERP has been open only to any employee of the
36 Company who is either a (i) corporate officer of the Company selected by
37 the Board, in its discretion, to participate in the plan; or (ii) the president of

1 an operating division of the Company or any other employee of the
2 Company who is selected by the Board in its discretion to participate in the
3 plan. In addition to receiving an annual pay credit at the end of each
4 calendar year in their account balance equal to a percentage of each
5 participant's total annual earnings, each participant receives an interest
6 credit to participant's account balance at the end of each plan year. A
7 participant is eligible to receive a distribution of their supplemental benefit
8 under the plan upon retirement, which is defined as a voluntary termination
9 from employment with the Company that constitutes a separation from
10 service after he has completed at least three (3) year of participation in the
11 plan and has attained age 55.
12

13 As defined in the SERP, compensation includes both base salary and annual
14 incentive awards. Therefore, while the annual compensation that can be considered for a
15 qualified plan is \$280,000, the amount of current compensation covered by the SERP for
16 fiscal year 2018 ranged from \$2,284,653 for Mr. Cocklin (Executive Chairman of the
17 Board) to \$676,516 for Mr. Akers (Senior Vice President). The net present value of the
18 accumulated SERP benefits for the five NEOs is currently over \$39 million, with an
19 average of only 10.81 years of credited service to the Company. Moreover, the payouts
20 under the SERP benefits can be staggering. For example, Mr. Cocklin's retirement benefit
21 as reported in the 2018 fiscal year Proxy Statement is \$18,650,522, while Mr. Haefner's
22 benefit is \$15,362,285.
23

24 **Q. How much did the Company incur in the test year relating to the SERP?**

25 A. As shown in the response to Staff 1-67, the Shared Services Division incurred SERP costs
26 of \$9,526,620 and the Colorado/Kansas Division incurred an additional \$186,997 of SERP
27 costs.

1 **Q. Do you believe that these costs should be included in utility rates?**

2 A. No, I do not. The officers of the Company are already well compensated, as discussed
3 previously. CURB has not recommended any reduction to the substantial base salaries
4 being awarded to these executives. Moreover, the officers that receive non-qualified
5 retirement plan benefits also receive the normal retirement plan benefits offered by the
6 Company as well. Ratepayers are already paying rates that include retirement benefits for
7 these executives based on the IRS limits. The maximum annual compensation that can be
8 taken into account for each employee under a qualified plan is currently \$280,000 and I
9 have not made any adjustment to the Company's claims for annual qualified pension plan
10 costs. However, I do not believe that ratepayers, some of whom may not have any
11 retirement plans, should be required to pay utility rates that reflect an excessive level of
12 retirement benefit costs from these non-qualified retirement plans. Just as the IRS has
13 determined that these costs should not be eligible for favorable tax treatment, the KCC
14 should also determine that these costs should not be recoverable from regulated ratepayers.
15 If Atmos wants to provide additional retirement benefits to select officers and executives,
16 then shareholders, not ratepayers, should fund the excess benefits. Therefore, I recommend
17 that the KCC disallow the Company's claim for SERP and other non-qualified retirement
18 plan costs. My adjustment is shown in Schedule ACC-11.

19 It should be noted that my adjustment is based on the response to Staff 1-67, which
20 does not identify the amount of SERP costs that is capitalized. If a portion of the amounts
21 shown in this response are capitalized and therefore not included in the Company's claim
22 in this case, then my adjustment should be revised accordingly.

1 **G. Uncollectible Expense**

2 **Q. Are you recommending any adjustment to the Company’s uncollectible expense claim**
3 **in this case?**

4 A. Yes, I am. Uncollectible costs vary from year-to-year due to a host of factors, including
5 the overall level of customer bills, general economic conditions, and other factors. For that
6 reason, regulatory commissions frequently include a normalization adjustment that reflects
7 an average uncollectible rate over a multi-year period. The uncollectible rate, which is
8 based on the percentage of net write-offs to total gas revenues, is then applied to the test
9 year revenue to determine a pro forma level of expense.

10 I am recommending an adjustment to reflect a pro forma uncollectible expense
11 based on a three-year average ratio. Over the past three years, net write-offs to total gas
12 revenues averaged 0.40%, slightly lower than the actual test year average of 0.55%. In
13 addition, the actual bad debt operating expenses booked by the Company also averaged
14 0.40% of revenue over the past three years, meaning that, during this period, actual net
15 write-offs equaled bad debt operating expenses booked by the Company. Therefore, I
16 applied the three-year average of net write-offs of 0.40% to the Company’s actual test year
17 total gas revenues in order to develop a level of pro forma uncollectible expense. My
18 adjustment is shown in Schedule ACC-12.

19
20 **H. Rate Case Expense**

21 **Q. How did the Company determine its rate case expense claim in this case?**

22 A. The Company’s claim is based on projected costs for the current case of \$817,882.

1 **Q. How does the Company propose to recover these costs?**

2 A. Atmos is proposing to recover these costs over one year through a rate case rider. The
3 Company is proposing that the total costs would be allocated based on the total annual
4 number of bills, resulting in a monthly surcharge of \$0.51 per bill. This surcharge would
5 be collected through the facilities charge for a period of up to one year until such time as
6 the costs are recovered.

7
8 **Q. Are you recommending any adjustments to the Company's rate case expense claim?**

9 A. Yes, although I am not recommending any adjustment to the level of rate case costs to be
10 recovered, I am recommending an adjustment to the Company's proposed methodology for
11 recovery. Instead of recovering these costs through a one-year rate rider, I am
12 recommending normalizing these costs over a three-year period. My adjustment to include
13 a three-year normalization of rate case costs in base rates results in an increase to the
14 operating and maintenance costs to be recovered through base rates since the Company did
15 not include these costs in its base rate claim but instead proposed that they be recovered
16 through a rider.

17
18 **Q. What is the basis for your recommended three-year recovery period?**

19 A. The Commission has approved a three-year recovery period in prior proceedings in Kansas.
20 Moreover, the parties agreed to a three-year recovery period in the Company's last base
21 rate case. In addition, a three-year period is also consistent with the recommendation made
22 by CURB witness Josh Frantz that the KCC should impose a three-year rate moratorium if

1 the Commission authorizes a SIP in this case. My adjustment to reflect a three-year
2 normalization period for the Company's rate case costs is shown in Schedule ACC-13.

3
4 **I. Advertising Expense**

5 **Q. Are you recommending any adjustment to the Company's claim for advertising**
6 **costs?**

7 A. Yes, I am. In its filing, the Company eliminated certain Promotional advertising,
8 Community Relations and Trade Show advertising, and Customer Relations advertising
9 from its revenue requirement claim. However, its claim still includes a portion of
10 Promotional Advertising costs. I recommend that the KCC disallow all such costs.

11 In Staff 1-52, the Company was asked to identify its test year advertising costs by
12 type of advertising, i.e., promotional (corporate image), educational, safety, economic
13 development, and any other applicable categories. I am recommending disallowance of all
14 costs identified as Promotional Advertising that were not specifically removed by the
15 Company in Adjustment IS-7.

16
17 **Q. What is the basis for your recommendation?**

18 A. As a regulated monopoly, utilities are generally prohibited from recovering promotional
19 sales advertising from their customers. This is especially true in the current environment
20 where many regulatory policies promote energy efficiency rather than encouraging
21 customers to use more energy. Therefore, I am recommending that the KCC disallow all
22 Promotional advertising costs.

1 **Q. What is the total amount of the advertising costs that you recommend the KCC**
2 **disallow?**

3 A. Based on the information provided in the response to Staff 1-52, and assuming the various
4 allocation factors used by Atmos to allocate various division costs to the Kansas
5 jurisdiction, I am recommending disallowance of \$9,734 of costs allocated or directly
6 assigned to the Kansas jurisdiction. My adjustment is shown in Schedule ACC-14.

7

8 **J. Membership Dues Expense**

9 **Q. Are you recommending any adjustment to the Company’s claim for membership**
10 **dues?**

11 A. Yes, I am. K.S.A. 66-101f(a) specifically provides:

12 For the purposes of determining just and reasonable rates, the
13 commission may adopt a policy of disallowing a percentage, not to
14 exceed 50%, of utility dues, donations and contributions to
15 charitable, civic and social organizations and entities, in addition to
16 disallowing specific dues, donations and contributions which are
17 found unreasonable or inappropriate.

18
19

20 Atmos eliminated 50% of dues to civic organizations, such as the Chamber of Commerce,
21 from its filing. It has also removed 100% of payments to the Chamber of Commerce related
22 to specific advocacy programs, as well as that portion of dues that the American Gas
23 Association (“AGA”) had identified as lobbying.

24

25 **Q. Why is it appropriate to eliminate 100% of the dues associated with lobbying?**

26 A. Lobbying costs are not necessary for the provision of safe and adequate utility service.

1 Moreover, the lobbying activities of a regulated utility may be focused on policies and
2 positions that enhance shareholders but may not benefit, and may even harm, ratepayers.
3 Regulatory agencies generally disallow costs involved with lobbying, since most of these
4 efforts are directed toward promoting the interests of the utilities' shareholders rather than
5 its ratepayers. Ratepayers have the ability to lobby on their own through the legislative
6 process, if and when they desire. Moreover, lobbying activities have no functional
7 relationship to the provision of safe and adequate gas service. If the Company were
8 immediately to cease contributing to these types of efforts, in no way would utility service
9 be disrupted. Clearly, these costs should not be borne by ratepayers.

10
11 **Q. In addition to eliminating 100% of dues relating to lobbying activities, why is it**
12 **appropriate to eliminate 50% of other utility dues, pursuant to K.S.A. 66-101f(a)?**

13 A. It is appropriate to eliminate such costs because in many cases organizations undertake
14 other activities that do not benefit ratepayers, such as public affairs, promotions and media
15 activities. In addition, when calculating the dues that are attributable to lobbying, many
16 organizations take a very narrow view of what constitutes "lobbying", which effectively
17 results in an underreporting of lobbying costs. Accordingly, the provisions of K.S.A. 66-
18 101f(a) protect ratepayers from paying for membership dues that do not directly result in
19 ratepayer benefits. Therefore, at Schedule ACC-15, I have made an adjustment to
20 eliminate not only 100% of the AGA dues identified as lobbying, but also 50% of the
21 remaining AGA dues, consistent with K.S.A. 66-101f(a).

1 **K. Meals and Entertainment Expense**

2 **Q. Are you recommending any adjustment to the Company’s meals and entertainment**
3 **expense claim?**

4 A. Yes, I am. The Company has included in its filing \$165,980 of meals and entertainment
5 expenses that are not deductible on the Company’s income tax return. This includes costs
6 incurred directly by the Kansas Division as well as costs that are allocated to Kansas from
7 other divisions. The IRS typically limits recovery of meals and entertainment expenses to
8 50% on the basis that a portion of these expenditures are not appropriate deductions for
9 federal tax purposes. If these costs are not deemed to be appropriate business expenses by
10 the IRS, it is reasonable for the KCC to conclude that they are not appropriate business
11 expenses to include in a regulated utility’s cost of service. Accordingly, at Schedule ACC-
12 16, I have made an adjustment to eliminate 50% of these costs from the Company’s revenue
13 requirement. While there may be certain costs for meals that should be borne by ratepayers,
14 there are also likely to be costs included in this category that should be entirely excluded
15 from the Company’s revenue requirement. Therefore, my recommendation to utilize the
16 50% IRS disallowance reflects a reasonable balance between shareholders and ratepayers
17 and should be adopted by the KCC.

18
19 **Q. Did the Company make an adjustment to remove certain Miscellaneous Expenses**
20 **that may overlap with your adjustment?**

21 A. Yes, in Adjustment IS 9-6, Atmos eliminated \$71,654 of Miscellaneous Expenses. While
22 these costs were removed by Atmos for various reasons, \$53,728 of these costs were

1 eliminated because they might be deemed “controversial” by the KCC. The Miscellaneous
2 Expenses adjusted out of the Company’s filing include a broad array of items and at least
3 some of these expenses may be included in the 50% IRS disallowance recorded on the
4 Company’s tax returns. It is certainly not my intent to make a further adjustment for any
5 item that has already been excluded from the Company’s revenue requirement claim.
6 Therefore, to the extent that the Company is able to identify costs included in its
7 Miscellaneous Expense deduction that are also reflected in its IRS adjustment, I would
8 revise my adjustment accordingly.

9
10 **L. Depreciation Expense**

11 **Q. Is the Company proposing new depreciation rates in this case?**

12 A. Yes, it is. In its filing, the Company included new depreciation rates for Atmos plant,
13 based on the recommendations of Atmos witness Ned Allis. As shown in Section 10 of
14 the Company’s filing, the new rates will increase the Company’s annual depreciation
15 expense by \$2,323,233, based on plant balances at the end of the test year.

16
17 **Q. Have you made any adjustments to the Company’s claim for pro forma depreciation
18 expense?**

19 A. Yes, I have. In his testimony, James Garren discusses CURB’s depreciation rate
20 recommendations. Mr. Garren has reviewed the Company’s proposed depreciation rates
21 and the recommendations made by Mr. Allis. In many cases, Mr. Garren is recommending
22 depreciation rates that differ from those proposed by Mr. Allis, due to differences in both

1 service lives and net salvage allowances. To develop my recommended depreciation
2 expense adjustment, I applied Mr. Garren's recommended depreciation rates to the
3 Company's test year plant balances at March 30, 2019. My adjustment results in an
4 expense reduction of \$2,648,449, as shown in Schedule ACC-17.

5
6 **M. Excess Deferred Income Taxes**

7 **Q. Please summarize the impact of the Tax Cut and Jobs Act of 2017 ("TCJA") on the**
8 **Company's income tax expense.**

9 A. The TCJA, which became effective January 1, 2018, had a major impact on the cost of
10 service for regulated utilities, including Atmos. The most significant feature of the TCJA
11 was a reduction in the corporate federal income tax rate from 35% to 21%. This reduction
12 in the federal income tax rate impacts Atmos's cost of service in two ways. First, beginning
13 January 1, 2018, the Company's federal income tax liability was significantly reduced, due
14 to the reduction in the corporate income tax rate. In addition, the lower income tax rate
15 results in excess deferred income taxes ("EDIT") that must be refunded to customers.

16
17 **Q. What are excess deferred income taxes?**

18 A. Excess deferred income taxes are the difference between the accumulated deferred income
19 tax liability booked at the prior tax rate of 35% and the accumulated deferred income tax
20 liability at the new tax rate of 21%.

21
22 **Q. How are excess deferred income taxes treated for ratemaking purposes?**

1 A. There are two types of excess deferred income taxes – protected and unprotected. Protected
2 excess deferred income taxes relate to deferred taxes associated with plant-related
3 balances, primarily related to accelerated depreciation methodologies (including bonus
4 depreciation) that were permissible for tax purposes but which were not reflected for
5 ratemaking purposes. Protected excess deferred income taxes are required to be returned
6 to ratepayers using the Average Rate Assumption Method (“ARAM”), which generally
7 provides that the excess deferred taxes cannot be flowed-through to ratepayers more
8 rapidly than the average remaining life of the underlying property that gave rise to the
9 deferred taxes.

10 Unprotected excess deferred taxes relate to differences between the tax and
11 ratemaking treatments afforded other types of costs, such pension and benefit costs,
12 regulatory costs, and costs for which the Company accrues a reserve. Unprotected excess
13 deferred income taxes can also relate to plant-related timing differences other than those
14 related to depreciation. Utilities are not required to use ARAM to return unprotected excess
15 deferred taxes to ratepayers. Instead, unprotected excess deferred taxes can be flowed-
16 through for ratemaking purposes over any “reasonable” period.

17
18 **Q. How did the Company reflect EDIT in its filing?**

19 A. Atmos is proposing that protected excess deferred income taxes be returned to ratepayers
20 using the ARAM methodology. This is the methodology that is required by the IRS and it
21 will result in an amortization period of approximately 21 years. The Company is also
22 proposing to use ARAM for unprotected excess deferred income taxes. In this case, the

1 unprotected EDIT balance is a regulatory asset for the Company, meaning that customers
2 owe the Company for the unprotected excess deferred income taxes. So even though
3 customers will receive a net credit from the return of the EDIT, this credit reflects the
4 combination of a regulatory liability for the protected deferred income taxes and a
5 regulatory asset for the unprotected deferred income taxes.

6
7 **Q. Are you recommending any adjustments to the Company's proposals regarding the**
8 **treatment of excess deferred income taxes?**

9 A. Yes, I am recommending one adjustment. In its filing, Atmos noted that the EDIT balance
10 was estimated, based on the fiscal year ending September 30, 2018. Atmos noted that it
11 would refine this estimate after its tax return was actually filed in July 2019. In response
12 to Staff-287, the Company updated its EDIT balance to reflect information from its actual
13 tax return. This update indicated an increase in the grossed-up EDIT balance from
14 \$18,681,171 to \$19,127,595. Based on the Company's 21-year ARAM period, the annual
15 ratepayer credit will increase from \$889,580 reflected in the filing to \$910,838.

16 In addition, the Company showed this refund as a separate line item, instead of
17 incorporating it into the overall cost of service used to develop the revenue deficiency. I
18 have retained this presentation on Schedule ACC-1 in order to facilitate a comparison of
19 the Company's proposed base revenue increase versus the revenue increase proposed by
20 CURB. However, it is not necessary to identify this net EDIT refund as a separate
21 component or add-on. Instead, the EDIT refund can be incorporated in the overall revenue
22 requirement calculation, and I recommended that it be presented as such in the Company's

1 next base rate case.

2 **N. Interest Synchronization and Taxes**

3 **Q. Have you adjusted the pro forma interest expense for income tax purposes?**

4 A. Yes, I made this adjustment at Schedule ACC-18. It is consistent (synchronized) with
5 CURB's recommended rate base, capital structure, and cost of capital recommendations. I
6 am recommending a lower rate base than the rate base that the Company included in its
7 filing. However, Dr. Woolridge is recommending a higher percentage of debt in the capital
8 structure. The net result of these recommendations is to increase the Company's pro forma
9 interest expense. This higher interest expense, which is an income tax deduction for state
10 and federal tax purposes, will result in a decrease to the Company's income tax liability
11 under CURB's recommendations. Therefore, CURB's recommendations result in an
12 interest synchronization adjustment that reflects a lower income tax burden for the
13 Company, and an increase to pro forma income at present rates.

14
15 **Q. What income tax factor have you used to quantify your adjustments?**

16 A. As shown on Schedule ACC-19, I have used a composite income tax factor of 26.53%,
17 which includes a state income tax rate of 7.0% and a federal income tax rate of 21.0%.
18 These are the state and federal income tax rates contained in the Company's filing. These
19 tax rates result in a revenue multiplier of 1.3611, which is also shown in Schedule ACC-
20 19.

1 **VII. REVENUE REQUIREMENT SUMMARY**

2 **Q. What is the result of the recommendations contained in your testimony?**

3 A. My adjustments indicate that the Company has a base revenue deficiency of \$134,095, as
4 summarized on Schedule ACC-1. This recommendation reflects revenue requirement
5 adjustments of \$9,502,573 to the revenue increase of \$9,636,668 requested by Atmos.

6
7 **Q. Have you quantified the revenue requirement impact of each of your recommended
8 adjustments?**

9 A. Yes, at Schedule ACC-20, I have quantified the impact on the Company's revenue
10 requirement of CURB's rate of return, rate base, revenue and operating expense
11 adjustments.

12
13 **Q. Have you developed a pro forma income statement?**

14 A. Yes, Schedule ACC-21 contains a pro forma income statement, showing utility operating
15 income under several scenarios, including the Company's claimed operating income at
16 present rates, my recommended operating income at present rates, and operating income
17 under my proposed revenue increase. My recommendations will result in an overall return
18 on rate base of 6.81%, as recommended by Dr. Woolridge.

19
20 **Q. Can you summarize the components of the revenue adjustment that you are
21 recommending versus the Company's proposed increase?**

22 A. Yes, as shown in its filing, Atmos proposed a base revenue increase of \$10,526,248, prior

1 to application of the EDIT refund. The Company then proposed to offset a portion of this
 2 increase with \$889,580, which was the grossed-up annual EDIT refund. This resulted in a
 3 base revenue increase of \$9,636,668. This increase reflects a return on, and a return of,
 4 investment that is currently being recovered through the GSRS. Therefore, the revenue
 5 increase of \$9,636,668 will be partially offset by a GSRS reduction of \$3,291,419.
 6 Therefore, the net impact on ratepayers will be a net revenue increase of \$6,345,249.
 7 Finally, Atmos is proposing to implement a rate case surcharge for a period of no longer
 8 than one year. Thus, the Year 1 increase is projected to be \$7,163,131.

9 I am recommending a base revenue increase, prior to the EDIT refund, of
 10 \$1,044,933. After the updated EDIT refund of \$910,838 is considered, my recommended
 11 base revenue increase is \$134,095. This revenue increase includes recovery of rate case
 12 costs, so there is no further rate case surcharge. After the GSRS of \$3,291,419 is reset to
 13 \$0, the net impact of CURB's recommendations is a net reduction to ratepayers of
 14 \$3,157,324, as shown below:

15 Revenue Requirement Summary

	Company	CURB
Required Revenue Increase Before EDIT Amortization	\$10,526,248	\$1,044,933
EDIT Amortization (Grossed Up)	(\$889,580)	(\$910,838)
Required Base Revenue Increase	\$9,636,668	\$134,095
GSRS Roll-In	(\$3,291,419)	(\$3,291,419)
Net Impact to Ratepayers	\$6,345,249	(\$3,157,324)
One Year Rate Base Surcharge	\$817,882	N/A
First Year Net Increase	\$7,163,131	(\$3,157,324)

16
 17 **Q. Does this conclude your testimony?**

18 **A.** Yes, it does.

VERIFICATION

STATE OF FLORIDA)

COUNTY OF BROWARD) ss:

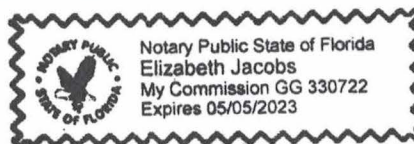
Andrea C. Crane, being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing Direct Testimony, and that the statements made therein are true to the best of her knowledge, information and belief.

Andrea C. Crane
Andrea C. Crane

Subscribed and sworn before me this 29th day of October, 2019.

Notary Public Elizabeth Jacobs

My Commission Expires: 5/5/23



<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Atmos Energy Company	G	Kansas	19-ATMG-525-RTS	10/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	19-00018-UT	10/19	Abandonment of SJGS and Stranded Cost Recovery	Office of Attorney General
Rockland Electric Company	E	New Jersey	ER19050552	10/19	Revenue Requirements	Division of Rate Counsel
Avista Corporation	E/G	Washington	UE-190334/JG-190335	10/19	Revenue Requirements	Public Counsel Unit
Westar Energy, Inc.	E	Kansas	19-WSEE-355-TAR	6/19	JEC Capacity Purchase	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	19-EPDE-223-RTS	5/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	EO18060629/ G018060630	3/19	Energy Strong II Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	18-00308-UT	2/19	Voluntary Renewable Energy Program	Office of Attorney General
Zero Emission Certificate Program (Various Applicants)	E	New Jersey	EO18080899	1/19	Zero Emission Certificates Subsidy	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	18-00043-UT	12/18	Removal of Energy Efficiency Disincentives	Office of Attorney General
Kansas Gas Service	G	Kansas	18-KGSG-560-RTS	10/18	Revenue Requirements	Citizens' Utility Ratepayer Board
New Mexico Gas Company	G	New Mexico	18-00038-UT	9/18	Testimony in Support of Stipulation	Office of Attorney General
Kansas City Power and Light Company	E	Kansas	18-KCPE-480-RTS	9/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	ER18010029/ GR18010030	8/18	Revenue Requirements	Division of Rate Counsel
Westar Energy, Inc.	E	Kansas	18-WSEE-328-RTS	6/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	17-00255-UT	4/18	Revenue Requirements	Office of Attorney General
Empire District Electric Company	E	Kansas	18-EPDE-184-PRE	3/18	Approval of Wind Generation Facilities	Citizens' Utility Ratepayer Board
GPE/ Kansas City Power & Light Co., Westar Energy, Inc.	E	Kansas	18-KCPE-095-MER	1/18	Proposed Merger	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E	New Jersey	GR17070776	1/18	Gas System Modernization Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	17-00044-UT	10/17	Approval of Wind Generation Facilities	Office of Attorney General
Kansas Gas Service	G	Kansas	17-KGSG-455-ACT	9/17	MGP Remediation Costs	Citizens' Utility Ratepayer Board
Atlantic City Electric Company	E	New Jersey	ER17030308	8/17	Base Rate Case	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	16-00276-UT	6/17	Testimony in Support of Stipulation	Office of Attorney General
Westar Energy, Inc.	E	Kansas	17-WSEE-147-RTS	5/17	Abbreviated Rate Case	Citizens' Utility Ratepayer Board

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Kansas City Power and Light Company	E	Kansas	17-KCPE-201-RTS	4/17	Abbreviated Rate Case	Citizens' Utility Ratepayer Board
GPE/ Kansas City Power & Light Co., Westar Energy, Inc.	E	Kansas	16-KCPE-593-ACQ	12/16	Proposed Merger	Citizens' Utility Ratepayer Board
Kansas Gas Service	G	Kansas	16-KGSG-491-RTS	9/16	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	15-00312-UT	7/16	Automated Metering Infrastructure	Office of Attorney General
Kansas City Power and Light Company	E	Kansas	16-KCPE-160-MIS	6/16	Clean Charge Network	Citizens' Utility Ratepayer Board
Kentucky American Water Company	W	Kentucky	2016-00418	5/16	Revenue Requirements	Attorney General/LFUCG
Black Hills/Kansas Gas Utility Company	G	Kansas	16-BHCG-171-TAR	3/16	Long-Term Hedge Contract	Citizens' Utility Ratepayer Board
General Investigation Regarding Accelerated Pipeline Replacement	G	Kansas	15-GIMG-343-GIG	1/16	Cost Recovery Issues	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	15-00261-UT	1/16	Revenue Requirements	Office of Attorney General
Atmos Energy Company	G	Kansas	16-ATMG-079-RTS	12/15	Revenue Requirements	Citizens' Utility Ratepayer Board
El Paso Electric Company	E	New Mexico	15-00109-UT	12/15	Sale of Generating Facility	Office of Attorney General
El Paso Electric Company	E	New Mexico	15-00127-UT	9/15	Revenue Requirements	Office of Attorney General
Rockland Electric Company	E	New Jersey	ER14030250	9/15	Storm Hardening Surcharge	Division of Rate Counsel
El Paso Electric Company	E	New Mexico	15-00099-UT	8/15	Certificate of Public Convenience - Ft. Bliss	Office of Attorney General
Southwestern Public Service Company	E	New Mexico	15-00083-UT	7/15	Approval of Purchased Power Agreements	Office of Attorney General
Westar Energy, Inc.	E	Kansas	15-WSEE-115-RTS	7/15	Revenue Requirements	Citizens' Utility Ratepayer Board
Kansas City Power and Light Company	E	Kansas	15-KCPE-116-RTS	5/15	Revenue Requirements	Citizens' Utility Ratepayer Board
Comcast Cable Communications	C	New Jersey	CR14101099-1120	4/15	Cable Rates (Form 1240)	Division of Rate Counsel
Liberty Utilities (Pine Buff Water)	W	Arkansas	14-020-U	1/15	Revenue Requirements	Office of Attorney General

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

REVENUE REQUIREMENT SUMMARY

	Company Claim (A)	Recommended Adjustment	Recommended Position	
1. Pro Forma Rate Base	\$248,709,964	(\$9,802,246)	\$238,907,718	(B)
2. Required Cost of Capital	7.98%	-1.17%	6.81%	(C)
3. Required Return	\$19,847,055	(\$3,580,650)	\$16,266,405	
4. Operating Income @ Present Rates	12,113,422	3,385,271	15,498,693	(D)
5. Operating Income Deficiency	\$7,733,633	(\$6,965,921)	\$767,712	
6. Revenue Multiplier	1.3611	1.3611	1.3611	(E)
7. Required Revenue Increase Before EDIT Amortization	\$10,526,248	(\$9,481,315)	\$1,044,933	
8. EDIT Amortization (Grossed up)	(889,580)	(21,258)	(910,838)	(F)
9. Required Revenue Increase	\$9,636,668	(\$9,502,573)	\$134,095	
10. GSRS Roll-In	(3,291,419)	0	(3,291,419)	(G)
11. Net Impact on Ratepayers	\$6,345,249	(\$9,502,573)	(\$3,157,324)	
12. Rate Case Surcharge	817,882	(817,882)	0	(H)
13. Year One Impact	<u>\$7,163,131</u>	<u>(\$10,320,455)</u>	<u>(\$3,157,324)</u>	

Sources:

(A) Derived from Company Filing, Section 3.

(B) Schedule ACC-3.

(C) Schedule ACC-2.

(D) Schedule ACC-5.

(E) Schedule ACC-19.

(F) Response to Staff 1-287.

(G) Response to CURB-89.

(H) Company included an additional one-year surcharge to collect rate case costs.

CURB included rate case costs in recommended revenue increase on Line 7.

REDACTED

Appendix B
Schedule ACC-2

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

REQUIRED COST OF CAPITAL

	Capital Structure	Cost Rate	Weighted Cost
	(A)		
1. Common Equity			(A)
2. Long Term Debt			(B)
3. Total Cost of Capital	100.00%		<u>6.81%</u>

Sources:

(A) Exhibit JRW-1.

(B) Company Filing, Section 7.

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

RATE BASE SUMMARY

	Company Claim (A)	Recommended Adjustment		Recommended Position
1. Utility Plant in Service	\$394,392,074	\$0		\$394,392,074
Less:				
2. Accumulated Depreciation	(119,803,444)	0		(119,803,444)
3. Net Utility Plant	\$274,588,630	\$0		\$274,588,630
Plus:				
4. Construction Work In Progress	\$11,110,143	(\$9,802,246)	(B)	\$1,307,897
5. Prepayments	1,406,259	0		1,406,259
6. Underground Gas in Storage	8,179,691	0		8,179,691
7. Cash Working Capital	0	0		0
Less:				
8. Customer Advances	(\$623,571)	\$0		(\$623,571)
9. Customer Deposits	(842,605)	0		(842,605)
10. Acc. Deferred Income Taxes	(26,427,412)	0		(26,427,412)
11. Regulatory Liability	(18,681,171)	0		(18,681,171)
12. Total Rate Base	<u>\$248,709,964</u>	<u>(\$9,802,246)</u>		<u>\$238,907,718</u>

Sources:

(A) Company Filing, Section 3.

(B) Schedule ACC-4.

Appendix B
Schedule ACC-4

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

CONSTRUCTION WORK IN PROGRESS

1. Kansas Direct (Company 60)	\$1,110,067	(A)
2. General Office (Company 02)	150,754	(B)
3. Customer Support (Company 12)	<u>47,076</u>	(C)
4. Pro Forma CWIP	\$1,307,897	
5. Company Claim	<u>11,110,143</u>	(D)
6. Recommended Adjustment	<u>(\$9,802,246)</u>	

Sources:

(A) \$1,300,393 per Company Filing, WP 14-1-1, multiplied by percentage of TYE CWIP completed within one year per the response to Staff 1-26.

(B) \$576,365 per Company Filing, WP 14-1-1, multiplied by percentage of TYE CWIP completed within one year, per the response to Staff 1-26.

(C) Company Filing, Section 14, WP 14-1-1.

(D) Company Filing, Section 3.

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

OPERATING INCOME SUMMARY

		Schedule No.
1. Company Claim	\$12,113,422	1
Recommended Adjustments:		
2. Residential Revenue	\$87,821	6
3. Incentive Compensation Expense	886,507	7
4. Payroll Tax Expense	67,818	8
5. Pension and OPEB Expense	37,299	9
6. Employee Benefits Expense	26,847	10
7. Non Qualified Retirement Plan Expense	336,840	11
8. Uncollectible Expense	46,869	12
9. Rate Case Expense	(200,299)	13
10. Advertising Expense	7,152	14
11. Membership Dues Expense	13,272	15
12. Meals and Entertainment Expense	121,945	16
13. Depreciation Expense	1,945,815	17
14. Interest Synchronization	7,385	18
15. Operating Income	<u>\$15,498,693</u>	

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

RESIDENTIAL REVENUE

	<u>Residential Revenue</u>	
1. Residential Margin	\$42,069,092	(A)
2. Number of Bills	<u>1,474,356</u>	(A)
3. Margin Per Residential Bill	\$28.53	(B)
4. Incremental Customers	<u>350.50</u>	(C)
5. Pro Forma Revenue Adjustment	\$120,013	(D)
6. Uncollectible Expense	0.40% <u>480</u>	(E)
7. Net Revenue Adjustment	\$119,533	
8. Income Taxes @	26.53% <u>31,712</u>	
9. Operating Income Impact	<u>\$87,821</u>	

Sources:

(A) Company Filing, Section 17.

(B) Line 1 /Line 2.

(C) 50% of the difference between 124,203 and 123,502 per Section 17, WP 17-4.

(D) Line 3 X Line 4.

(E) Uncollectible Rate per Schedule ACC-12.

ATMOS ENERGY CORPORATION
TEST YEAR ENDED MARCH 31, 2019
INCENTIVE COMPENSATION EXPENSE

1. Test Year VPP/MIP Expenses	\$868,451	(A)
2. Test Year Restricted Stock Expense (LTIP)	<u>338,173</u>	(A)
3. Total Recommended Adjustment	\$1,206,624	
4. Income Taxes @	26.53% <u>320,117</u>	
5. Operating Income Impact	<u>\$886,507</u>	

Sources:
(A) Response to Staff 1-300.

Appendix B
Schedule ACC-8

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

PAYROLL TAX EXPENSE

1. Incentive Compensation Adjustment	\$1,206,624	(A)
2. Statutory Tax Rate	<u>7.65%</u>	(B)
3. Total Recommended Adjustment	\$92,307	
4. Income Taxes @ 26.53%	<u>24,489</u>	
5. Operating Income	<u>\$67,818</u>	

Sources:

(A) Schedule ACC-7.

(B) Based on Statutory Tax Rate.

Appendix B
Schedule ACC-9

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

PENSION AND OPEB EXPENSE

1. Original Company Claim (Credit)	\$879,935	(A)
2. Updated Company Claim (Credit)	<u>930,702</u>	(B)
3. Total Recommended Adjustment	\$50,767	
4. Income Taxes @ 26.53%	<u>13,468</u>	
5. Operating Income	<u>\$37,299</u>	

Sources:

(A) Company Filing, Adjustment IS-6.

(B) Response to Staff 1- 236

Appendix B
Schedule ACC-10

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

EMPLOYEE BENEFITS EXPENSE

1. Total Benefits Expense Adjustment		\$36,541	(A)
2. Income Taxes @	26.53%	<u>9,694</u>	
3. Operating Income Impact		<u>\$26,847</u>	

Sources:

(A) Company Filing, Section 9, WP 9-3, IS-2.

Appendix B
Schedule ACC-11

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

NON QUALIFIED RETIREMENT PLAN EXPENSE

1. Division 02 Expense	\$9,526,620	(A)
2. Allocation to Kansas	<u>3.72%</u>	(B)
3. Amount Allocated to Kansas	\$354,390	
4. Division 30 Expense	\$186,997	(A)
5. Allocation to Kansas	<u>55.66%</u>	(B)
6. Amount Allocated to Kansas	<u>104,083</u>	
7. Pro Forma Expense Adjustment	\$458,473	
8. Income Taxes @	26.53%	<u>121,633</u>
9. Operating Income Impact	<u>\$336,840</u>	

Sources:

(A) Response to Staff 1-67.

(B) Based on allocations per Company Filing, WP 9-2, IS-1.

Appendix B
Schedule ACC-12

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

UNCOLLECTIBLE EXPENSE

1. Test Year Revenue	\$118,838,986	(A)
2. Three Year Average	<u>0.40%</u>	(B)
3. Pro Forma Interest Expense	\$475,356	
4. Company Claim	<u>539,150</u>	(A)
5. Recommended Adjustment	\$63,794	
6. Income Taxes @ 26.53%	<u>16,925</u>	
7. Operating Income Impact	<u>\$46,869</u>	

Sources:

(A) Response to Staff 1-74.

(B) Three year average of net writeoffs to revenue per the response to Staff 1-74.

ATMOS ENERGY CORPORATION

TEST YEAR ENDING SEPTEMBER 30, 2013

RATE CASE EXPENSE

1. Pro Forma Rate Case Costs	\$817,882	(A)
2. Proposed Normalization Period	<u>3</u>	(B)
3. Recommended Adjustment	\$272,627	
4. Income Taxes @ 26.53%	<u>72,328</u>	
5. Operating Income Reduction	<u>\$200,299</u>	

Sources:

(A) Company Filing, Section 9, WP 9-5-1.

(B) Recommendation of Ms. Crane.

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

ADVERTISING EXPENSE

1. Division 2 Advertising Adjustment	\$151,113	(A)
2. Allocation to Kansas (%)	<u>3.72%</u>	(B)
3. Allocation to Kansas (\$)	\$5,621	
4. Direct Advertising Adjustment	<u>4,113</u>	(A)
5. Total Recommended Adjustment	\$9,734	(B)
6. Income Taxes @	26.53% <u>2,583</u>	
7. Operating Income Impact	<u>\$7,152</u>	(A)

Sources:

(A) Response to Staff 1-52.

(B) Allocations per the Company's Filing, Section 9, WP 9-9, IS-7.

Appendix B
Schedule ACC-15

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

MEMBERSHIP DUES EXPENSE

1. Total Test Year AGA Dues	\$46,762	(A)
2. AGA Lobbying Dues	<u>10,634</u>	(A)
3. Remaining AGA Dues	\$36,128	
4. Recommended Adjustment (%)	<u>50.00%</u>	(B)
5. Recommended Adjustment (\$)	\$18,064	
6. Income Taxes @	26.53% <u>4,792</u>	
7. Operating Income Impact	<u>\$13,272</u>	

Sources:

(A) Company Filing, Section 9, WP 9-11, IS-9.

(B) Recommendation of Ms. Crane.

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

MEALS AND ENTERTAINMENT EXPENSE

1. Division 2 Meals/Entertainment Expenses	\$521,460	(A)
2. Allocation to Kansas (%)	<u>3.72%</u>	(B)
3. Allocation to Kansas (\$)	\$19,398	
4. Division 12 Meals/Entertainment Expenses	\$113,717	(A)
5. Allocation to Kansas (%)	<u>4.29%</u>	(B)
6. Allocation to Kansas (\$)	\$4,878	
7. Division 30/60 Meals/Entertainment Expense	\$254,587	(A)
8. Allocation to Kansas (%)	<u>55.66%</u>	(B)
9. Allocation to Kansas (\$)	<u>\$141,703</u>	
10. Total Recommended Adjustment	\$165,980	(A)
11. Income Taxes @	26.53%	<u>44,034</u>
12. Operating Income Impact	<u>\$121,945</u>	

Sources:

(A) Response to Staff-71.

(B) Allocations per the Company's Filing, Section 9, WP 9-2, IS-1.

Appendix B
Schedule ACC-17

ATMOS ENERGY CORPORATION

TEST YEAR ENDING SEPTEMBER 30, 2013

DEPRECIATION RATE ADJUSTMENT

1. CURB Recommendation	\$11,513,912	(A)
2. Company Claim	<u>14,558,833</u>	(B)
3. Recommended Adjustment	\$2,648,449	
4. Income Taxes @ 26.53%	<u>702,634</u>	
5. Operating Income Impact	<u>\$1,945,815</u>	

Sources:

(A) Reflects Mr. Garren's recommended rates applied to test year plant.

(B) Company Filing, Schedule 10.

Appendix B
Schedule ACC-18

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

INTEREST SYNCHRONIZATION

1. Pro Forma Rate Base	\$238,907,718	(A)
2. Weighted Cost of Debt	<u>1.91%</u>	(B)
3. Pro Forma Interest Expense	\$4,560,309	
4. Company Claim	<u>4,532,471</u>	(C)
5. Adjustment to Interest Expense	\$27,838	
6. Income Taxes @	26.53%	<u>\$7,385</u>

Sources:

(A) Schedule ACC-1.

(B) Weighted cost of long-term debt per Schedule ACC-2.

(C) Company Filing, Section 11, WP11 B-1.

Appendix B
Schedule ACC-19

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

INCOME TAX FACTOR

1. Revenue	100.00%	
2. State Income Tax Rate	<u>7.00%</u>	(A)
3. Federal Taxable Income	93.00%	
4. Income Taxes @ 21%	<u>19.53%</u>	(A)
5. Operating Income	73.47%	
6. Total Tax Rate	<u>26.53%</u>	(B)
7. Revenue Multiplier	<u>1.36110</u>	

Sources:

(A) Rates per Company Filing, Section 11B, IS-12.

(B) Line 2 + Line 4.

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

REVENUE REQUIREMENT IMPACT OF ADJUSTMENTS

1. Rate of Return	(\$3,965,223)
Rate Base Adjustments:	
2. Construction Work in Progress	(908,400)
Operating Income Adjustments:	
3. Residential Revenue	(119,533)
4. Incentive Compensation Expense	(1,206,624)
5. Payroll Tax Expense	(92,307)
6. Pension and OPEB Expense	(50,767)
7. Employee Benefits Expense	(36,541)
8. Non Qualified Retirement Plan Expense	(458,473)
9. Uncollectible Expense	(63,794)
10. Rate Case Expense	272,627
11. Advertising Expense	(9,734)
12. Membership Dues Expense	(18,064)
13. Meals and Entertainment Expense	(165,980)
14. Depreciation Expense	(2,648,449)
15. Interest Synchronization	(10,052)
16. Total Recommended Adjustments	(\$9,481,315)
17. Company Claim	<u>10,526,248</u>
18. Recommended Revenue Deficiency Before EDIT Amortization	<u>\$1,044,933</u>

ATMOS ENERGY CORPORATION

TEST YEAR ENDED MARCH 31, 2019

PRO FORMA INCOME STATEMENT

	Per Company	Recommended Adjustments	Pro Forma Present Rates	Recommended Rate Adjustment	Pro Forma Proposed Rates
1. Operating Revenues	\$59,801,309	\$120,013	\$59,921,322	\$1,044,933	\$60,966,255
2. Operating Expenses	21,329,597	(1,736,870)	19,592,727	0	19,592,727
3. Depreciation and Amortization	14,558,833	(2,648,449)	11,910,384	0	11,910,384
4. Taxes Other Than Income	9,064,021	(92,307)	8,971,714	0	8,971,714
5. Taxable Income Before Interest Expenses	\$14,848,858	\$4,597,639	\$19,446,497	\$1,044,933	\$20,491,430
6. Interest Expense	4,532,471	27,838	4,560,309		4,560,309
7. Taxable Income	\$10,316,387	\$4,569,801	\$14,886,188	\$1,044,933	\$15,931,121
8. Income Taxes @ 26.53%	2,735,437	1,212,368	3,947,806	277,221	4,225,026
9. Operating Income	\$12,113,421	\$3,385,271	\$15,498,691	\$767,712	\$16,266,403
10. Rate Base	\$248,709,964		\$238,907,718		\$238,907,718
11. Rate of Return	<u>4.87%</u>		<u>6.49%</u>		<u>6.81%</u>

APPENDIX C

REFERENCED DATA REQUESTS

CURB-89

Staff 1-26

Staff 1-52

Staff 1-63*

Staff 1-65

Staff 1-67

Staff 1-71

Staff 1-74

Staff 1-179*

Staff 1-193

Staff 1-236

Staff 1-287*

Staff 1-300

* Confidential Responses Not Provided

Docket No. 19-ATMG-525-RTS
Atmos Energy Corporation, Kansas Division
CURB DR Set No. 1
Question No. 1-89
Page 1 of 1

REQUEST:

Please reconcile the required revenue increase of \$9,636,668 shown in Section 3 with the approximately \$7.2 million increase referenced by Mr. Gregory at page 5, line 18 of his testimony. Please separately identify each item that attributes to the difference between these two revenue increase claims.

RESPONSE:

Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, CURB_1-89_Att1 - Revenue Increase Reconciliation.xlsx, 1 Page.

Respondent: Jennifer Story

Docket No. 19-ATMG-XXX-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-26
Page 1 of 1

REQUEST:

Please provide a list of each CWIP work order/project included in the application that is subsequent to the test year. The list should contain a detailed description of the work order/project, amount, estimated in-service date, and projected FERC plant account number(s). Please provide the list in an Excel format with the formulas intact.

RESPONSE:

The application includes CWIP as of the end of the test year adjusted to include CWIP projects expected to be completed within six months of the test year and adjusted to exclude CWIP projects that are not expected to be completed within six months of the test year. Please see Attachment 1 for the requested information as of the end of the test year. Please also see the relied file "Section 14 - WP 114-1 CWIP KS as of March 2019.xlsx" for the projects expected to be closed by September 2019.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-26_Att1 - CWIP Balance as of Mar'19.xlsx, 2 Pages.

Respondents: Laura Gillham and Jennifer Story

Atmos Energy Corporation, Shared Services and Kansas
Open CWIP as of March 2019

Company	Division	Account	Project	Project Name	Project Description	Project Type	Project Estimated In-Service Date	Amount
010	002	1070	010.25486	Work Order Automation	PHASE 1 - Initiative 3 - Work Order Automation -A)Detailed task status and management, B)Track, Verify and validate information, C) Automated asset registry updates, D) QA/QC process and roles, E) Asset data updated in critical systems as worked	Non Functional	2019-09-30	\$ 296,829.98
010	002	1070	010.28080	SAP Work Manager System	Upgrade the SAP Mobile application to version 3.0 and create a new architecture for mobile work delivery. SAP Work Manager components will provide the ability to deploy mobile work to Android, IOS and Windows field systems.	Non Functional	2019-09-30	358,646.90
010	002	1070	010.31051	Commercial Vehicle Inspection	Commercial Vehicle Inspection Application	Non Functional	2018-02-28	68,642.37
010	002	1070	010.31316	USS Replacement - Franklin	Universal SCADA Server system replacement for Franklin Gas Control	Non Functional	2019-09-30	2,102,912.91
010	002	1070	010.31522	TestTrack SvchNow Integration	TestTrack to ServiceNow integration	Non Functional	2019-06-30	157,546.21
010	002	1070	010.31764	Incident & Event Management	Security & Event (SIEM) Management tool	Non Functional	2019-09-30	618,749.18
010	002	1070	010.31876	Mobile Dev Platform	Ionic Mobile Development Platform	Non Functional	2018-02-28	32,470.38
010	002	1070	010.32138	DMZ Environment Enhancements	DMZ Environment Enhancements FY18	Non Functional	2019-04-30	943,369.29
010	002	1070	010.32473	Federal Tax Update Project	Federal tax updates to systems.	Non Functional	2019-09-28	1,774,803.75
010	002	1070	010.32947	DIM - Enterprise	Distribution Integrity Management reporting is accomplished in several different ways across the divisions. Some are collecting the data and managing the process using spread sheets, Mid-TX is using the DIM template that information is also collected in Enterprise effort to migrate the distribution data to ESRI for business use. This first step is to migrate just the SmallWorld data to an ESRI data structure for use by the business team and synchronize with the GE data set regularly.	Non Functional	2019-09-30	358,118.62
010	002	1070	010.32948	ESRI Dist Visualization Tool	Improvements in leak survey are needed to automate manual processes and add a mobile application for displaying Picarro and LGR leak survey information and collecting information gathered during subsequent investigations.	Non Functional	2019-09-30	1,023,350.10
010	002	1070	010.32949	ILD Leak Investigation System	Construction Work Tracking - Project to design, build, test and deploy applications to identify and track construction work for the E&O departments across the enterprise.	Non Functional	2019-09-30	929,812.56
010	002	1070	010.33000	Construction Work Tracking	Unstructured Data Discovery Application	Non Functional	2019-09-30	379,744.91
010	002	1070	010.33037	Unstructured Data Discovery	FireEye Upgrade Tech Refresh - NX, EX w/HA, CMS	Non Functional	2019-08-30	158,444.61
010	002	1070	010.33763	FireEye Upgrade Tech Refresh	Shared Services PC Replacements FY19	Non Functional	2019-09-30	200,125.54
010	002	1070	010.33809	SS PC Replacements FY19				
010	002	1070	010.33850	GIS Enhancements 2019	GIS system enhancement projects for FY19 focus on activities that need to be addressed in our geospatial systems (GE SmallWorld, GE FieldSmart, Geospatial System Analysis, myWorld and interfaces). The project also focuses on standardizing system capabilities. The current database and server technology is in need of an upgrade. In order to support the business need, this technology refresh is required in order to keep the application operational.	Non Functional	2019-09-30	66,709.23
010	002	1070	010.33854	Atlas Platform Upgrade	FY19 Storage Solutions: Combined VMAX Unity Solution and the XtremIO (0250 0554) Upgrade	Non Functional	2019-09-30	1,504.18
010	002	1070	010.33860	FY19 Stg Solutions VMAX/XIO				2,388,335.03
010	002	1070	010.33874	Align Divisional Reporting	This is the second year of this reporting effort and will concentrate on the divisional needs. The reporting needs for gas supply and gas pipe have changed over time. There needs to be a technology refresh and subsequent effort to create new reports that New regulatory changes need to be updated in our Oracle EAM asset management system.	Non Functional	2019-09-30	73,920.85
010	002	1070	010.33886	EAM Regulatory Upgrade	1) Above ground leaks need new job codes added	Non Functional	2019-09-30	42,414.08
010	002	1070	010.34054	DNA Appliance	2) PMSA regulation changes for regulator set pressure	Non Functional	2019-09-30	31,967.13
010	002	1070	010.34198	Security Upgrades	3) Adding storage wells and associated valves into the asset regi	Non Functional	2019-09-30	17,277.95
010	002	1070	010.34348	Markview Upgrade 19	Cisco Digital Network Architecture (DNA) Appliance	Non Functional	2019-05-01	64,718.77
010	002	1070	010.34349	WD Expense and Planning	Security Upgrades Mailroom/Records at Dallas Lincoln Center	Non Functional	2019-09-30	
010	002	1070	010.34385	Treasury Management System	Upgrade the Markview Invoice System	Non Functional	2019-09-30	
010	002	1070	010.34396	Implement PAM on CyberArk	Workday Employee Expense and Planning	Non Functional	2019-06-30	65,852.25
010	002	1070	010.34400	Enterprise Timekeeping	Automation Project	Non Functional	2019-09-30	26,495.52
010	002	1070	010.34458	Lotus Project	Replacement of iCMS with a new Treasury Management System	Non Functional	2019-09-30	
010	002	1070	010.34500	Office Furniture - CKV	Implement PAM on CyberArk - Expand the use of Privilege Access Management in CyberArk	Non Functional	2019-09-30	4,359.94
010	002	1070	010.34507	ACI Implementation	Implement Workday Timekeeping for the rest of the enterprise.	Non Functional	2019-09-30	1,072.46
010	002	1070	010.34530	Skunk Barrier - CKV	Infrastructure upgrade of the APT agreement system	Non Functional	2019-09-30	20,369.56
010	002	1070	010.34549	COM Port Software System	New office furniture for CKV center.	Non Functional	2019-04-30	9,018.12
010	002	1070	010.34549	COM Port Software System	ACI Implementation	Non Functional	2019-09-30	41,243.48
010	002	1070	010.34549	COM Port Software System	New skunk barrier for CKV.	Non Functional	2019-04-30	1,444.68
010	002	1070	010.34549	COM Port Software System	Replacement of the existing Altera COM port sharing software with an upgraded version, enterprise licensing and lifetime maintenance.	Non Functional	2019-06-30	14,420.49
010	012	1070	010.33868	CC PC Replacements FY19	Corporate A&G Overhead Project	Non Functional	2007-09-30	204.29
010	012	1070	010.34024	CSS Enhancements FY19	Contact Center PC Replacements for FY19	Non Functional	2019-09-30	27,047.65
010	012	1070	010.34025	Click Upgrade	CSS Enhancements for FY19	Non Functional	2019-09-30	51,034.45
010	012	1070	010.34053	SAP EHP8 Upgrade	Click Upgrade	Non Functional	2019-09-30	161,594.66
010	012	1070	010.34085	FY 19 BW4HANA Phase III	SAP EHP8 Upgrade	Non Functional	2019-06-30	224,469.43
010	012	1070	010.34445	AV Adds... Waco CCC	FY19 project to continue the buildout of the BW4HANA environment to support Customer Service business processes and reporting	Non Functional	2019-09-30	565,057.08
010	012	1070	010.34532	Dispatch Furniture - ACC				6,683.63
010	012	1070	010.34578	Amarillo Dispatch Audio Visual	Audio Visual Additions for Waco CCC. Adding Barco Clickshare devices to two rooms.	Non Functional	2019-04-30	35,056.81
					New dispatch furniture for Amarillo Contact Center.	Non Functional	2019-05-31	26,406.78
					Audio Visual Equipment for Amarillo Dispatch.	Non Functional	2019-06-30	
								\$ 13,445,937.85
								GL labor accruals, A/P accruals, etc. not reflected in the project system
								3,145,101.36
								<u>\$ 16,591,039.21</u>

Atmos Energy Corporation, Shared Services and Kansas
 Open CWIP as of March 2019

Company	Division	Account	Project	Project Name	Project Description	Project Type	Project Estimated In-Service Date	Amount
060	081	1070	060.35984	060.3145.5th and Hollywood	Install 600 feet of 2 inch HDPE. Disconnect, purge, and Abandon in place, 600 feet of 2 inch bare steel.	Non Functional	2016-08-30	\$ (2.42)
060	081	1070	060.36649	060.3143. E. Harold St.	Abandon ~175' of 2" Aldyl A. Justification: Public improvement relocation request.	Non Functional	2016-05-31	0.55
060	081	1070	060.38202	060.3145.1st and Walnut	Disconnect, purge, and abandon in place 430 feet of 4 inch bare steel and several unused service risers.	Non Functional	2017-04-15	96.76
060	081	1070	060.38348	3139StoppleEquipment2017	This project is for stoppling equipment in Cost Center 3139. We have a quote in the amount of \$17,964.98 from TDW for the purchase of 2 sets of: 4" valve assembly, 4", Type 2 Valve Adapter, 4" and 6" Shortstop Completion Plug Holder, 4" by 6" Dual contr	Non Functional	2017-07-31	489.65
060	081	1070	060.39915	3136.Water Street Abandon	Abandon 281' of 2" bare steel due to leakage. This is a retirement only projectStrong City, Chase County, Kansas	Non Functional	2017-12-31	95.94
060	081	1070	060.41179	3139.Stanton Co. Tap	GSRs Project due to excessive atmospheric corrosion on obsolete odorizer without containment skid.	Non Functional	2019-10-01	157,929.35
060	081	1070	060.41427	060.3143.nat.gas.cascade	a natural gas cascade trail	Non Functional	2019-05-20	21,851.58
060	081	1070	060.41451	3136.Herington TBS	Replace the existing town border station and associated piping. Existing station is obsolete and has multiple leaks.	Non Functional	2019-04-30	21,243.59
060	081	1070	060.41636	3145.Producer Station Rebuild	Rebuild the Kansas Gas producer station.	Non Functional	2019-04-28	48,214.13
060	081	1070	060.41644	081 - Network - Wyandotte	WMR infrastructure equipment for Wyandotte county, KS area, M400 data collector	Non Functional	2019-09-30	46,028.64
060	081	1070	060.41739	3145.Storage Coalescer	Purchase and install a new Coalescer for the storage field.	Non Functional	2019-06-30	280,876.94
060	081	1070	060.41970	3143.MINI PEELER KIT	360063524 FSEQ, SET,MINI PEELER, SURPEEL CA, 5 CTS, 75 IPS,1 IPS, 1.25 IPS 4 SIZES IN CARRYING CASE GFCP EF TOOLS	Non Functional	2019-09-30	1,804.61
060	081	1070	060.41990	081 - KS Network Equipment	Network equipment replacement for Kansas service area. Printers/routers/switches/IP office/AP's/Meter reading equipment or any device connecting to our network	Non Functional	2019-09-30	8,364.78
060	081	1070	060.42015	081-MDT tablet refresh	MDT replacements for Olathe, KS area	Non Functional	2019-09-30	95,134.98
060	081	1070	060.42147	081-PC Refresh - Kansas	Laptop/Desktop replacement for Kansas service area	Non Functional	2019-09-30	1,456.69
060	081	1070	060.42174	081 - Network-Kansas	WMR infrastructure equipment for Kansas, M400 data collector, R100's, poles, antenna, junos, command links	Non Functional	2019-09-30	113,393.42
060	081	1070	060.42200	081- Comm equipment	This project is for purchasing communication equipment (modems) for Olathe, KS area	Non Functional	2019-09-30	13,755.08
060	081	1070	060.42210	081- software	for software purchases for Olathe service area	Non Functional	2019-09-30	1,925.36
060	081	1070	060.42468	3143.SENSIT GOLD G2-2 RON	SENSIT GOLD G2-3 GAS CGI EXCO PLUS COMBUSTIBLE GAS INDICATOR GAS - CORBON MONOXIDW - OXYGEN	Non Functional	2019-04-30	1,630.37
060	081	1070	060.42469	3136.ElM Street Abandon	Abandon ~300' of 2" bare protected steel and 2 services in Strong City, Chase County, Kansas.	Non Functional	2019-03-15	12.71
060	081	1070	060.42500	3145.3325 Rd Retirement	Retire ~600' of 3" protected bare steel in rural Independence, Montgomery County, Kansas.	Non Functional	2019-03-15	32.34
060	081	1070	060.42527	060.3143.Crestwood Village 1	New Subdivision	Non Functional	2019-04-20	1,980.39
060	081	1070	060.42631	060.3143.Little Cedar Crk Pha 1	Replace approximately 1800' of bare steel low pressure pipe with 2" HDPE to clear roadway improvements for the city of Olathe. This project is GSRs	Non Functional	2019-05-31	130,455.86
060	081	1070	060.42640	060.3143.151 & Ridgeview Intr	Relocate approximately 20' of 6" pe for City of Olathe road improvements	Non Functional	2019-04-30	13,796.99
060	081	1070	060.42653	3143.Pressure recorders	3 - Pamer 8" chart recorders 0-100 PSI range 1 - Pamer 8" chart recorders 0-15 PSI range	Non Functional	2019-04-30	7,977.41
060	081	1070	060.42692	3145.Elk City Main Line	Install a new 2" HDPE main feed to Elk City, allowing retirement of 2 miles of 8" bare protected steel. GSRs project due to active leaks and bare steel near Elk City, Montgomery County, KS	Non Functional	2019-06-28	8,446.24
060	081	1070	060.42736	3143.Foxwood Ranch 1	New Subdivision	Non Functional	2019-05-31	545.07
060	081	1070	060.42744	3143.Timberstone Ridge	New Subdivision	Non Functional	2019-06-30	3,502.71
060	081	1070	060.42772	3143.Edgemere Colliver SL Taps	Replace 214 service line 2x3/4" GFCP EF tapping tees & associated UMAC 1800 series EFVs with a combination of side-winder tapping tees & mechanical bolt-on Lyco tapping tees & integrated UMAC 1800 series EFVs within the Edgemere & Colliver subdivisions r	Non Functional	2019-05-30	71,339.67
060	081	1070	060.42804	3143.Willow Crossing 3	New Subdivision	Non Functional	2019-04-30	873.25
060	081	1070	060.42819	3145.Indy Rycom 19	Purchase a new Rycom locator for CC3145	Non Functional	2019-04-30	3,928.49
060	081	1070	060.42901	060.3143.Quivira 159 to 179	Relocate approximately 4750' of 4" pe with approximately 4750' of 6" HDPE to clear road widening by the City of Overland Park. This project is GSRs.	Non Functional	2019-07-31	13,366.82
060	081	1070	060.42904	3143.Madison water off	have water in main believe at intersection of Johnson and spring	Non Functional	2019-04-30	12,508.61
060	081	1070	060.42928	3143.Chapel Hill, Fifth Plat	New subdivision in the city of Overland Park	Non Functional	2019-05-31	536.45
								\$ 1,083,693.01
Company 060 KS direct CWIP open projects as of 3/31/2019								3,126,891.08
Company 060 Remaining direct (CO Divisions) CWIP open projects as of 3/31/2019								754,361.52
GL labor accruals, A/P accruals, etc. not reflected in the project system								\$ 4,964,945.61
Company 060 CO/KS direct CWIP GL balance as of 3/31/2019								

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Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-52
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REQUEST:

A breakdown of test year advertising expenses between promotional (corporate image), educational, safety, economic development, and any other applicable categories. Please include a brief description of each advertising item upon which the Applicant is requesting rate relief.

RESPONSE:

Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-52_Att1 - Advertising Expense.xlsx, 1 Page.

Respondent: Jennifer Story

Atmos Energy Corporation, Shared Services and KS
Advertising Expense
Sub Account 04001-04046 Detail
For the 12 Months Ended March 2019

Division	Description	Amount
002	Community Relations	39,574
002	Customer Relations & Assistance	41,051
002	Promotional	151,113
002	Safety	28,874
		<u>260,613</u>
012	Community Relations	41,737
012	Promotional	1,097
		<u>42,834</u>
030	Community Relations	4,100
030	Customer Relations & Assistance	9,110
030	Promotional	2,722
030	Safety	167,945
		<u>183,877</u>
081	Community Relations	18,246
081	Customer Relations & Assistance	16,010
081	Promotional	47,486
081	Safety	780
		<u>82,522</u>

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Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-65
Page 1 of 1

REQUEST:

Please identify any changes in incentive compensation programs that have taken place over the past five years or that are projected for the future.

RESPONSE:

- For FY 2014, the target award for Variable Pay Plan (VPP) eligible employees in Grades 1-4 was increased from 2% to 3% of eligible earnings. The target award for Grades 5-6 was increased from 5% to 7.5% and the target for Grade 7 employees in the VPP was increased from 7.5% to 12%.
- For FY 2015, the target award for VPP eligible employees in Grades 1-4 was increased from 3% to 5% of eligible earnings. The target award for Grades 5-6 was increased from 7.5% to 10% and the target for Grade 7 employees in the VPP was increased from 12% to 15%. In addition, VPP plan payout provisions now require active employment as of the end of the performance period (September 30) instead of the payout date.
- Effective March 31, 2016, the Customer Service Center Incentive (CSC Incentive) was no longer offered.
- For FY 2018, the target award for VPP eligible employees in Grades 6 was increased from 10% to 12.5%.
- Effective January 1, 2019, the Management Incentive Plan (MIP) target award for Grade 12 changed from 60% to 65% and Grade 13 changed from 85% to 90%. Also effective January 1, 2019, the Long-Term Incentive Plan (LTIP) target award for Grade 9E changed from 50% to 60%, Grade 12 changed from 110% to 140%, Grade 13 changed from 150% to 165%, and Grade 14 changed from 200% to 250%.

Additionally, please see the Compensation Discussion and Analysis section of Atmos Energy's proxy statements at <https://www.atmosenergy.com/company/proxy-statement> for any changes to executive compensation programs.

Respondent: Laura Gillham

Docket No. 19-ATMG-XXX-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-67
Page 1 of 1

REQUEST:

Detailed descriptions of all agreements the Applicant has with former or retired officers or directors for which the Applicant is requesting recovery. For each agreement;

1. Explain the purpose;
2. Identify the costs, if any, incurred during the test year necessary to fulfill any provision of agreement and the account number to be charged and;
3. Explain the benefit to ratepayers.

RESPONSE:

1. Atmos Energy provides benefits to former or retired officers of acquired companies based on the benefits in place at the time of acquisition. These benefits are paid by Atmos Energy's payroll department with several participants having their benefit secured through Corporate Owned Life Insurance with Atmos Energy as the beneficiary upon the participant's death.
2. Please see Attachment 1 for the test year SERP and SEBP costs.
3. These benefits are provided to maintain good will and comply with the agreements in place at the time of acquisition.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-067_Att1 - SERP and SEBP Costs.xlsx, 1 Page.

Respondents: Laura Gillham and Jennifer Story

Atmos Energy Corporation, Shared Services and Div 030
 SERP and SEBP Costs
 For the 12 Months Ended March 2019

Division	Division Description	Company	Company Description	Cost Center	Cost Center Description	Account	Account Description	Sub Account	Sub Account Description	Amount
002	Shared Services General Office	010	Atmos Regulated Shared Services	1908	ATM-Dallas SEBP	9260	A&G-Employee pensions and benefits	07489	NQ Retirement Cost	6,333,648
002	Shared Services General Office	010	Atmos Regulated Shared Services	1908	ATM-Dallas SEBP	9260	A&G-Employee pensions and benefits	07492	NSC-NQ Retirement Cost	3,192,972
										<u>9,526,620</u>

Division	Division Description	Company	Company Description	Cost Center	Cost Center Description	Account	Account Description	Sub Account	Sub Account Description	Amount
030	COKS/Denver Company Office	060	Atmos Energy-Colorado-Kansas	3003	COKS-Denver-Human Res	9260	A&G-Employee pensions and benefits	07489	NQ Retirement Cost	86,991
030	COKS/Denver Company Office	060	Atmos Energy-Colorado-Kansas	3003	COKS-Denver-Human Res	9260	A&G-Employee pensions and benefits	07492	NSC-NQ Retirement Cost	100,005
										<u>186,997</u>

Note: There were no SERP charges directly to Kansas (Div 081) during the test year.

Monthly entry to record costs for the SERP:

- 010.1908.9260.07489.002000.0000 Retirement Costs Expense
- 010.1908.9260.07492.002000.0000 Retirement Costs Expense for NSC
- 010.0000.2530.27712.002000.0000 Deferred Retirement Costs

Note: NQ Retirement Costs for Company 010 Shared Services are recorded in 002DIV.
 Note: NQ Retirement Costs for Company 060 CO/KS are recorded in 030DIV.

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Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-71
Page 1 of 1

REQUEST:

Please provide the company's consolidated, federal and state income tax expense calculations for the test year and the year prior to the test year (estimated if actual not yet available.) Provide a calculation that begins with net income as reported within public financial statements, adds/subtracts permanent and timing differences to arrive at current federal and state taxable income used in determining current federal and state income tax expense. For each book and tax difference, describe the difference, provide the amount of the difference for each year and indicate whether the difference is a "permanent" or "timing" difference. Also, for each timing difference state or provide the following:

- a. Description of the turnaround period
- b. Show the application of the current effective federal and state income tax rates to each year's timing difference and the resulting calendar year deferred expense provision
- c. For items for which deferred taxes have been accrued in prior years, provide the turnaround amortization amount, stating or showing the federal and state effective tax rate utilized in the original deferral period(s).

RESPONSE:

- a) Please see Attachment 1, tab "71a".
- b) Please see Attachment 1, tabs "71b1" and "71b2".
- c) Please see Attachment 1, tab "71c".

The information provided in Attachment 1 is the latest information the Company has available at this level of detail.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-71_Att1 - Income Tax Expense.xlsx, 5 Pages.

Respondent: Jennifer Story

Current Income Tax Provision
Kansas Jurisdiction
Current Income Tax Provision
Year ended: 9/30/2018

	9/30/2018						
	Atmos Consolidated	AUT Utility	AU0105SU 002DIV	AU010CAL 012DIV	CO-KS Div AU060	AU060GOF 030DIV	AU060KS 079DIV to 086DIV
Total Total Pre-Tax Book Income	611,143,570	587,845,729	(29,970,724)	(68,845)	9,894,887	(73,844)	15,252,780
Deductible State Tax	(8,590,960)	(6,462,401)	218,577	166,064	(1,037,432)	54,843	(1,830,233)
Permanent Differences:							
CSD01: Dividends Paid to RSGP	(827,026)	(827,026)	-	-	(22,128)	165	(34,110)
CSD02: Dividends Received Deduction	(1,598,619)	(1,598,619)	-	-	(42,773)	319	(65,933)
CSD03: ESOP Dividends	(7,124,226)	(7,124,226)	-	-	(190,615)	1,423	(293,830)
NBP07: Restricted Stock Grant Plan	(11,111,943)	(11,111,943)	-	-	(297,310)	2,219	(458,298)
NBP12: Excess 162(m) Exec Comp	2,008,948	2,008,948	-	-	53,751	(401)	82,857
NBP17: Director's Stock	(2,333,965)	(2,333,965)	(2,333,965)	-	-	-	-
NBP19: Executive Compensation Restricted Stock	3,118,669	3,118,669	-	-	83,443	(623)	128,626
ONT07: Capitalized Meals and Entertainment	205,530	205,530	8,219	610	2,116	447	3,887
ONT08: Cash Surrender Value Adjustment	(759,666)	(759,666)	(603,062)	-	-	(149,790)	-
ONT16: Lobbying Expense	1,306,875	1,306,875	1,306,875	-	-	-	-
ONT18: Meals and Entertainment	4,435,231	3,024,558	521,460	113,717	(211,486)	43,101	58,521
ONT22: Fringe Benefits	460,192	460,192	-	-	12,313	(92)	18,980
ONT29: Penalties	1,107,502	1,098,156	-	-	5,720	-	33
ONT34: SERP Premiums	(271,601)	(271,601)	(345,667)	-	-	58,315	-
ONT36: Spousal Travel	284,785	281,276	76,974	24,225	20,503	2,340	16,031
ONT57: Tax Free Interest - Perm	(125,645)	(125,645)	-	-	-	-	-
ONT99: State Income Tax Deduction	46,878	87,240	-	-	-	-	-
Total Permanent Differences	(11,178,081)	(12,561,247)	(1,281,926)	138,552	(163,494)	(42,577)	(543,236)
Financial Taxable Income Before Temporary Differences	591,374,529	568,822,081	(31,034,073)	235,771	8,693,961	(61,578)	12,879,311
TEMPORARY DIFFERENCES:							
ACC02: Ad Valorum Taxes	7,028,753	7,028,753	-	-	-	-	-
ACC03: Directors Deferred Bonus	53,154	53,154	53,154	-	-	-	-
ACC04: MIP / VPP Accrual	8,095,161	6,140,315	4,984,330	(2,306,598)	(86,974)	603,684	(281,543)
ACC06: Miscellaneous Accrued	4,679	4,679	4,679	-	-	-	-
ACC08: Self Insurance - Adjustment	4,958,899	4,958,899	5,316,399	-	-	-	(275,000)
ACC11: Vacation Accrual	(6,131)	-	-	-	-	-	-
ACC12: Worker's Comp Insurance Reserve	(651,099)	(651,099)	11,805	866	(198,657)	18,167	78,564
CAP01: Customer Advances	1,701,665	1,701,665	-	-	165,322	-	-
DTE09: Deferred Expense Projects	(470,648)	(470,648)	-	-	74,492	-	-
DTE12: Amortization - LGS Acq. 1860.14155	515,564	515,564	-	-	-	-	-
DVA05: RAR 91/93 Bond Cost Amortized	3,935	3,935	-	-	-	-	-
DVA09: Lease Income - Myriant	123,459	-	-	-	-	-	-
DVA26: RAR 86/90 Lease Expense Amortization	(11,964)	(11,964)	-	-	-	-	-
DVA37: Amortization - Comfurnt Goodwill	(79,868)	(79,868)	-	-	(79,868)	-	-
FXA02: Depreciation Adjustment	(682,379,481)	(683,285,951)	(13,759,664)	(3,374,862)	(4,188,663)	(40,613)	(4,581,399)
FXA06: Software Capitalized per Books	(8,883,499)	(8,883,499)	(6,862,883)	(2,019,889)	-	(727)	-
FXA07: Aid in Construction Adjustment	79,210,394	79,075,556	857	-	4,470,365	-	3,465,818
FXA09: Capitalized Interest Adjustment	1,947,828	1,947,828	-	-	16,701	-	6,927
FXA10: Capitalized Overhead Adjustment	(55,580,909)	(55,580,909)	(635,392)	(166,591)	(896,679)	(2,048)	(801,891)
FXA38: Capitalized Book Depreciation	(6,489,594)	(6,489,594)	-	-	(105,410)	(9,435)	(158,661)
FXA44: Repairs Deduction	(579,689,767)	(579,689,767)	-	-	(10,852,308)	-	(8,948,407)
FXA46: Section 481(a) TPR	6,739,317	6,739,317	-	-	353,735	-	241,170
GCA01: Deferred Gas Costs	146,828,467	146,828,467	-	-	3,187,185	-	11,474,388
GCA03: Over Recoveries of PGA	23,010,517	23,010,517	-	-	(2,905,870)	-	(6,646,447)
NBP03: SEBP Adjustment	(4,796,902)	(1,928,576)	153,030	-	-	155,052	-
NBP05: Restricted Stock Grant Plan	(262,490)	(262,490)	(262,490)	-	-	-	-
NBP13: Restricted Stock - MIP	3,593,221	3,593,221	3,593,221	-	-	-	-
NBP16: Director's Stock Awards	600,831	600,831	600,831	-	-	-	-
NTE03: Capitalized Selling Expense	(6,542)	(6,542)	-	-	-	-	-
NTE06: Partnership - NSL	32,210	-	-	-	-	-	-
NTE11: UNICAP Section 263A Costs	(1,426,662)	(1,373,784)	-	-	-	-	(120,806)
ONT02: Allowance for Doubtful Accounts	3,930,152	3,933,844	-	-	158,757	49,585	49,290
ONT03: Clearing Account - Adjustment	3,349,691	4,023,059	4,053,005	-	-	-	-
ONT04: Charitable Contribution Carryover	6,054,114	6,049,897	2,341,046	9,608	67,026	-	77,511
ONT31: Prepayments	(3,078,696)	(2,872,004)	(2,796,901)	147,485	(2,061)	-	2,542
ONT32: Rate Case Accrual	(6,529,273)	(6,529,273)	-	-	(207,302)	-	365,263
ONT33: Research and Development Expenses	11,713	11,713	-	-	-	-	-
ONT49: TXU - Goodwill Amortization	(35,131,347)	(35,131,347)	-	-	-	-	-
ONT52: WACOG to FIFO Adjustment	9,859,583	6,986,437	-	-	-	(1,371,866)	-
ONT61: Federal and State Tax Interest	1,388,826	1,388,826	1,388,826	-	-	-	-
ONT68: Reg Asset Benefit Accrual	1,637,739	1,637,739	-	-	-	-	-
ONT69: TX Rule 8.209 Reg Asset Deferral	(63,649,165)	(63,649,165)	-	-	-	-	-
ONT70: LA SIIP Reg Asset	(9,680,472)	(9,680,472)	-	-	-	-	-
PEND1: Pension Expense	5,282,597	5,282,597	5,282,597	-	-	-	-
PRB01: FAS 106 Adjustment	(7,643,405)	(7,643,405)	259,020	-	(436)	(1,808,543)	-
RGL02: Regulatory Liability - Atmos	560,221	560,221	-	-	-	-	560,221
RGL04: Regulatory Liability - UCGC 109	136,840	136,840	-	-	-	-	-
RGL05: Regulatory Liability - UCGC Rate	(57,246)	(57,246)	-	-	-	-	-
Total Temporary Differences	(1,149,845,630)	(1,152,063,729)	3,725,470	(7,709,981)	(11,030,645)	(2,406,744)	(5,492,460)
Federal Taxable Income (Pre-NOL) and Special Deductions	(558,471,101)	(583,241,648)	(27,308,603)	(7,474,210)	(2,336,684)	(2,468,322)	7,386,851

Atmos Energy's entire accumulated deferred income tax is tracked in accounts 1900, 2820, and 2830. The net of these accounts is a deferred tax liability (credit balance). A deferred tax liability is a timing difference created when a tax benefit is recognized for tax reporting purposes before it is recognized for financial reporting purposes. It is not possible to identify a turnaround period for an individual deferred balance due to the cumulative nature of the accounts.

Atmos Energy Corporation
Kansas Jurisdiction
Effective Tax Rate
Year ended: 9/30/2018

	9/30/2018						
	Atmos Consolidated	AUT Utility	AU010SSU 002DIV	AU010CAL 012DIV	CO-KS Div AU060-031DIV	AU060GOF 030DIV	AU060KS 081DIV
Total Total Pre-Tax Book Income	611,143,570	587,845,729	(29,970,724)	(68,845)	9,894,887	(73,844)	15,252,780
Permanent Differences:							
CSD01: Dividends Paid to RSGP	(827,026)	(827,026)	-	-	(22,128)	165	(34,110)
CSD02: Dividends Received Deduction	(1,598,619)	(1,598,619)	-	-	(42,773)	319	(65,933)
CSD03: ESOP Dividends	(7,124,226)	(7,124,226)	-	-	(190,615)	1,423	(293,830)
NBP07: Restricted Stock Grant Plan	(11,111,943)	(11,111,943)	-	-	(297,310)	2,219	(458,298)
NBP12: Excess 162(m) Exec Comp	2,008,948	2,008,948	-	-	53,751	(401)	82,857
NBP17: Director's Stock	(2,333,965)	(2,333,965)	(2,333,965)	-	-	-	-
NBP19: Executive Compensation Restricted Stock	3,118,669	3,118,669	-	-	83,443	(623)	128,626
ONT07: Capitalized Meals and Entertainment	205,530	205,530	8,219	610	2,116	447	3,887
ONT08: Cash Surrender Value Adjustment	(759,666)	(759,666)	(603,062)	-	-	(149,790)	-
ONT16: Lobbying Expense	1,306,875	1,306,875	1,306,875	-	-	-	-
ONT18: Meals and Entertainment	4,435,231	3,024,558	521,460	113,717	211,486	43,101	58,521
ONT22: Fringe Benefits	460,192	460,192	-	-	12,313	(92)	18,980
ONT29: Penalties	1,107,502	1,098,156	-	-	5,720	-	33
ONT34: SERP Premiums	(271,601)	(271,601)	(345,667)	-	-	58,315	-
ONT36: Spousal Travel	284,785	281,276	76,974	24,225	20,503	2,340	16,031
ONT57: Tax Free Interest - Perm	(125,645)	(125,645)	-	-	-	-	-
ONT99: State Income Tax Deduction	46,878	87,240	87,240	-	-	-	-
Total Permanent Differences	(11,178,081)	(12,561,247)	(1,281,926)	138,552	(163,494)	(42,577)	(543,236)
Check	-	-	-	-	-	-	-
Taxable Income Before State Taxes	599,965,489	575,284,482	(31,252,650)	69,707	9,731,393	(116,421)	14,709,544
Current State Tax Deduction	(8,590,960)	(6,462,401)	218,577	166,064	(1,037,432)	54,843	(1,830,233)
ITC	-	-	-	-	-	-	-
Taxable Income	591,374,529	568,822,081	(31,034,073)	235,771	8,693,961	(61,578)	12,879,311
Federal Tax Rate	24.50%	24.50%	24.50%	24.50%	24.50%	24.50%	24.50%
FEDERAL EXPENSE DETAIL:							
Subtotal Current Provision Federal Tax Expense	144,886,760	139,361,410	(7,603,348)	57,764	2,130,020	(15,087)	3,155,431
Tax Reform Impact on PL - Deferred	(158,166,899)	(154,923,589)	(75,916,908)	(499,044)	-	-	(679,309)
EDITL Amortization	(1,218,987)	(1,218,988)	-	-	(199,801)	-	-
Charitable Contributions	-	-	-	-	-	-	-
Colorado State Enterprise Zone Tax Credit	-	-	-	-	-	-	-
ITC	-	-	-	-	-	-	-
FIN48	(521,703)	(521,703)	-	-	-	-	-
Return to Provision	(2,689,489)	(2,571,916)	(585,528)	(4,394,023)	825,798	(1,771,334)	2,083,080
Total Federal Tax Expense	(17,710,318)	(19,874,786)	(84,105,784)	(4,835,304)	2,756,017	(1,786,421)	4,559,202
STATE EXPENSE DETAIL:							
Subtotal Current Provision State Tax Expense	22,518,508	21,562,666	(939,219)	(156,599)	(1,422,858)	5,657,471	(3,160,480)
Charitable Contributions	-	-	-	-	-	-	-
State Enterprise Zone Tax Credit	-	-	-	-	-	-	-
FIN48	2,484,300	2,495,153	-	-	-	-	-
Return to Provision	787,233	-	-	-	-	-	-
Total State Tax Expense	25,790,041	24,057,819	(939,219)	(156,599)	(1,422,858)	5,657,471	(3,160,480)
TOTAL TAX EXPENSE / (BENEFIT)	8,079,723	4,183,033	(85,045,003)	(4,991,903)	1,333,159	3,871,050	1,398,722
Check	1	(2)	-	-	2	0	3
Federal Tax Expense Accounts							
A4091-30201	3	(5,828,830)	138,205,577	(4,671,413)	(1,899,789)	(649,421)	1,736,825
A4101-30201	(16,491,336)	(12,826,967)	(222,311,360)	(163,899)	4,855,607	(1,137,000)	2,822,377
A4114-30201	-	-	-	-	-	-	-
A4091-30205	-	-	-	-	-	-	-
A4101-30205	-	-	-	-	-	-	-
A4101-30208	(1,218,987)	(1,218,987)	-	-	(199,801)	-	-
Federal Tax Expense - GL	(17,710,319)	(19,874,784)	(84,105,784)	(4,835,312)	2,756,017	(1,786,421)	4,559,202
Federal Expense Variance	1	(2)	-	8	0	-	-
State Tax Expense Accounts							
A4091-30202	8,590,954	6,462,395	(218,578)	(166,065)	1,037,432	(54,842)	1,830,230
A4101-30202	14,714,787	15,100,271	(720,641)	9,474	(2,460,292)	5,712,313	(4,990,713)
A4101-30205	2,484,300	2,495,153	-	-	-	-	-
State Tax Expense - GL	25,790,041	24,057,819	(939,219)	(156,591)	(1,422,860)	5,657,471	(3,160,483)
State Expense Variance	0	-	-	(8)	2	0	3
Total Tax Expense	8,079,722	4,183,035	(85,045,003)	(4,991,903)	1,333,157	3,871,050	1,398,719
Total Tax Expense Variance	1	(2)	-	-	2	0	3
Effective Tax Rate without ITC (without FIN48)	0.92%	0.29%	283.76%	7250.93%	13.47%	-5242.20%	9.17%
Effective Tax Rate	1.32%	0.71%	283.76%	7250.93%	13.47%	-5242.20%	9.17%
Federal Effective Tax Rate	-2.90%	-3.38%	280.63%	7023.48%	27.85%	2419.18%	29.89%
State Effective Tax Rate	4.22%	3.67%	3.13%	227.45%	-14.38%	-7661.38%	-20.72%
Total Effective Tax Rate	1.32%	0.29%	283.76%	7250.93%	13.47%	-5242.20%	9.17%
Total Effective Tax Rate Excluding Tax Reform Impact	27.20%	27.07%	30.46%	6526.05%	13.47%	-5242.20%	13.62%

Atmos Energy Corporation
Reconciliation of State Tax Expense
 Year ended: 9/30/2018

	AU060KS 081DIV																																								
Total Total Pre-Tax Book Income	15,252,780																																								
Permanent Differences:																																									
CSD01: Dividends Paid to RSGP	(34,110)																																								
CSD02: Dividends Received Deduction	(65,933)																																								
CSD03: ESOP Dividends	(293,830)																																								
NBP07: Restricted Stock Grant Plan	(458,298)																																								
NBP12: Excess 162(m) Exec Comp	82,857																																								
NBP19: Executive Compensation Restricted Stock	128,626																																								
ONT07: Capitalized Meals and Entertainment	3,887																																								
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Financial Taxable Income Before State Taxes	<u>14,709,544</u>																																								
	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">A</th> <th style="text-align: center;">B</th> <th colspan="2"></th> </tr> <tr> <th></th> <th style="text-align: center;">Apportionment</th> <th style="text-align: center;">State Rate</th> <th style="text-align: center;">A * B</th> <th></th> </tr> </thead> <tbody> <tr> <td>COLORADO</td> <td style="text-align: right;">3.391%</td> <td style="text-align: right;">4.63%</td> <td style="text-align: right;">0.001570</td> <td style="text-align: right;">(1,238,382)</td> </tr> <tr> <td>KANSAS</td> <td style="text-align: right;">3.481%</td> <td style="text-align: right;">7.00%</td> <td style="text-align: right;">0.002437</td> <td style="text-align: right;">(1,922,098)</td> </tr> <tr> <td>SUBTOTAL - STATE TAX EXPENSE</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>(3,160,480)</u></td> </tr> <tr> <td>COMPANY 060 STATE TAX RATE</td> <td></td> <td></td> <td></td> <td style="text-align: right;">-20.72%</td> </tr> <tr> <td>AU060KS (079-086DIV) PRE-TAX BOOK INCOME</td> <td></td> <td></td> <td></td> <td style="text-align: right;">15,252,780</td> </tr> <tr> <td>AU060KS (079-086DIV) STATE TAX EXPENSE</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>(3,160,480)</u></td> </tr> </tbody> </table>		A	B				Apportionment	State Rate	A * B		COLORADO	3.391%	4.63%	0.001570	(1,238,382)	KANSAS	3.481%	7.00%	0.002437	(1,922,098)	SUBTOTAL - STATE TAX EXPENSE				<u>(3,160,480)</u>	COMPANY 060 STATE TAX RATE				-20.72%	AU060KS (079-086DIV) PRE-TAX BOOK INCOME				15,252,780	AU060KS (079-086DIV) STATE TAX EXPENSE				<u>(3,160,480)</u>
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AU060KS (079-086DIV) STATE TAX EXPENSE				<u>(3,160,480)</u>																																					

Atmos Energy Corporation
Kansas Jurisdiction
Accumulated Deferred Income Tax
Year ended: 9/30/2018

DEFERRED TAX ASSETS / (LIABILITIES)	CTC	AUT Utility	AU010SSU 002DIV	AU010CAL 012DIV	AU060GOF 030DIV	AU060KS 079DIV to 086DIV
Environmental Activities	ACCO1	(9,307,551)	-	-	-	-
Ad Valorem Taxes	ACCO2	559,486	-	-	-	-
Directors Deferred Bonus	ACCO3	7,296,862	559,486	-	-	-
MIP/VPP Accrual	ACCO4	-	7,931,051	(4,635,579)	1,042,083	(545,282)
Accrued Environmental Asset	ACCO5	4,676	-	-	-	-
Miscellaneous Accrued	ACCO6	12,617,671	4,676	-	-	-
Self Insurance - Adjustment	ACCO8	-	12,700,171	-	-	-
Vacation Accrual	ACC11	5,752,207	-	-	-	-
Worker's Comp Insurance Reserve	ACC12	-	326,805	868	1,149,446	78,564
Rabbi Trust - True Up	NBP01	87,483,113	-	-	-	-
SEBP Adjustment	NBP03	-	71,905,281	-	838,064	-
Rabbi Trust MVG	NBP04	44,831	-	-	-	-
Restricted Stock Grant Plan	NBP05	3,952,465	44,831	-	-	-
Rabbi Trust	NBP06	-	3,952,465	-	-	-
Excess Capital Loss ovr Capital Gain	NBP08	41,419,091	-	-	-	-
Restricted Stock - MIP	NBP13	19,624,951	41,419,091	-	-	-
Director's Stock Awards	NBP16	-	19,624,951	-	-	-
Director's Stock - Temp	NBP18	(30,615,090)	-	-	-	-
Pension Expense	PEN01	166,293,921	(30,615,090)	-	-	-
FAS106 Adjustment	PRB01	(17,738,042)	25,742,245	-	(521,817)	-
CWIP	FXA26	(18,243,630)	(8,933,002)	(2,749,340)	(2,533)	(98,510)
RWIP	FXA47	(7,013,444,660)	(10,374)	(377)	(373)	(584,113)
Fixed Asset Cost Adjustment	FXA01	(600,648,021)	(102,876,824)	(107,566,271)	459,451	(141,519,691)
Depreciation Adjustment	FXA02	-	101,718,087	36,560,337	(2,086,628)	(73,288,504)
Book Gain/Loss on Sale of Fixed Assets	FXA03	-	-	-	-	-
Tax Gain/Loss on Sale of Fixed Assets	FXA04	1,504,887	-	-	-	-
Section 481(a) Cushion Gas	FXA13	182,596	1,504,887	-	-	-
Section 481(a) Line Pack Gas	FXA14	-	182,596	-	-	-
IRS Audit Assessment - Cost	FXA15	-	-	-	-	-
IRS Audit Assessment - Accum	FXA16	-	-	-	-	-
Repair % Completion Allowance	FXA41	(6,739,427)	-	-	-	-
Section 481(a) TPR	FXA46	74,489,293	-	-	-	(241,171)
Deferred Gas Costs	GCA01	(70,086,462)	-	-	-	5,300,969
Over Recoveries of PGA	GCA03	-	-	-	-	(6,646,448)
PGA - Amended Item	GCA04	(48,052,549)	-	-	-	-
LGS - Goodwill Amortization	ONT13	(465,906,929)	-	-	-	-
TXU - Goodwill Amortization	ONT49	11,010,440	-	-	-	-
Customer Advances	CAPO1	-	-	-	-	623,570
Amortization - LGS Acq. 1810-13523	DTE01	(2,253,329)	-	-	-	-
Deferred Expense Projects	DTE09	(1,937,108)	-	-	-	(28,400)
Amortization - LGS Acq. 1810-14155	DTE12	-	-	-	-	-
Deferred Projects - TXU Acquisition	DTE14	85,419	-	-	-	-
RAR 91/93 Bond Cost Amortized	DVA05	-	-	-	-	-
RAR 91/93 Bond Cost Capitalized	DVA06	-	-	-	-	-
DIG on Fixed Assets	DVA16	(3,210,361)	-	-	-	-
DIG on Fixed Assets - UCG Storage	DVA18	-	-	-	-	-
DIG on Fixed Assets - WKG	DVA19	(447,890)	-	-	-	-
RAR 86/90 Lease Expense Amortiz.	DVA26	(1,746,001)	-	-	-	-
MVG Right of Way	DVA35	(1,144,774)	-	-	-	-
Amortization - ComfurT Goodwill	DVA37	-	-	-	-	-
Deferred ITC - GGC	ITC01	-	-	-	-	-
Deferred ITC - UCG Non-Utility	ITC02	-	-	-	-	-
Deferred ITC - UCG	ITC03	-	-	-	-	-
Deferred ITC - MVG	ITC04	-	-	-	-	-
Regulatory Liability - GGC	ITC05	96,827	-	-	-	-
Capitalized Selling Expense	NTE03	10,926,853	-	-	-	-
UNICAP Section 263A Costs	NTE11	-	-	-	866,187	(40,330)
481(a) UNICAP	NTE15	-	-	-	-	-
UNICAP - IRS Audit	NTE19	14,544,598	-	-	-	-
Allowance for Doubtful Accounts	ONT02	303,007	4	-	86,865	345,396
Clearing Account - Adjustment	ONT03	23,185,835	303,007	-	-	-
Charitable Contribution Carryover	ONT04	-	23,185,835	-	-	-
RAR CFWE 1990-1985	ONT06	1,116,553	-	-	-	-
Union Gas - Non Compete	ONT21	-	-	-	-	-
Monarch - Non Compete	ONT22	-	-	-	-	-
Palmyra - Non Compete	ONT23	(27,669,251)	-	-	-	-
Prepayments	ONT31	(21,056,006)	(19,070,693)	(1,158,605)	-	-
Rate Case Accrual	ONT32	354,871	-	-	-	(182,631)
Research and Development Expenses	ONT33	-	-	-	-	-
Partnership Investment - Unitary	ONT37	-	-	-	-	-
Inventory Adjustment	ONT44	-	-	-	-	-
Stock Option Expense	ONT50	-	-	-	-	-
Prepayments - MVG	ONT51	(6,422,786)	-	-	-	-
WACOG to FIFO Adjustment	ONT52	-	-	-	(951,711)	-
Tax Free Interest - Temp	ONT58	3,386,221	-	-	-	-
Federal & State Tax Interest	ONT61	-	3,386,221	-	-	-
Prepayments - IRS Audits	ONT64	-	-	-	-	-
VA Charitable Contributions	ONT67	(8,481,395)	-	-	-	-
Reg Asset Benefit Accrual	ONT68	(89,590,989)	-	-	-	-
TX Rule 8.209 Reg Asset Deferral	ONT69	(7,148,490)	-	-	-	-
LA SIPP Reg Asset	ONT70	-	-	-	-	-
Intra Period Tax Allocation	OTH	(958,299)	-	-	-	-
Regulatory Asset - LGS Amortization	RGAD1	-	-	-	-	-
Regulatory Asset - Mid Tex	RGAD3	-	-	-	-	-
Regulatory Liability - Atmos 109	RGLO1	3,921,764	-	-	-	-
Regulatory Liability - Mid-Tex	RGLO2	-	-	-	-	3,921,764
Regulatory Liability - GGC 109	RGLO3	(581,571)	-	-	-	-
Regulatory Liability - UCGC 109	RGLO4	-	-	-	-	-
Regulatory Liability - UCGC Rate	RGLO5	-	-	-	-	-
		(7,973,272,170)	152,985,708	(79,548,968)	879,033	(212,904,817)
Deferred Tax Rate		22.817%	22.817%	22.817%	22.817%	22.817%
		(1,819,261,511)	34,906,749	(18,150,688)	200,569	(48,578,492)

DEFERRED TAX ASSETS / (LIABILITIES)	CTC	AUT Utility	AU010SSU 002DIV	AU010CAL 012DIV	AU060GOF 030DIV	AU060KS 079DIV to 086DIV
FD-NOL Credit Carryforward - Non Reg	TAX02NR	(159,685,814)	(159,685,814)	-	-	-
FD-NOL Credit Carryforward - Utility	TAX02U	584,225,267	584,225,267	-	-	-
FD-NOL Credit Carryforward - Other	TAX02OT	5,502,949	5,502,949	-	-	-
ST-State Net Operating Loss	TAX04	39,083,602	-	-	-	6,161,482
ST-State Bonus Depreciation	TAX05	22,109,694	-	-	-	-
FD-FAS 115 Adjustment	TAX06	(2,370,769)	(2,466,303)	-	-	-
FD-Treasury Lock Adjustment	TAX08	-	-	-	-	-
FD-Other	TAX10	-	-	-	-	-
FD-Federal Benefit on State Bonus	TAX11	(4,643,035)	-	-	-	-
FD-Federal Benefit on State NOL	TAX12	(8,207,557)	-	-	-	(1,293,911)
ST - Valuation Allow on State NOL	TAX13	(1,563,870)	-	-	-	(1,001,957)
FD - Valuation on Fed Tax of St NO	TAX14	328,413	-	-	-	210,411
FD-AMT Minimum Tax Credit	TAX23	-	-	-	-	-
ST- Valuation Allow Enterprise Zone ITC	TAX37	(120,928)	(120,928)	-	-	-
FD- Valuation Allow Fed Tax Enterprise Zone ITC	TAX38	25,395	25,395	-	-	-
ST-Enterprise Zone ITC	TAX39	1,933,673	1,933,673	-	-	-
FD-Treasury Lock Adjustment-Realized	TAX40	14,239,082	14,239,082	-	-	-
FD-Treasury Lock Adjustment-Unrealized	TAX41	12,895,919	12,895,919	-	-	-
FD -Federal Tax on Enterprise ITC	TAX42	(406,071)	(406,071)	-	-	-
Regulatory Liability - 2017 Gross Up	RGL06	169,713,702	-	-	-	4,262,483
TOTAL		679,059,652	456,143,169	-	-	8,338,508
TOTAL DEFERRED TAX		(1,146,201,859)	491,049,918	(18,150,688)	200,569	(40,239,984)
1900		631,781,007	495,813,394	198	908,719	9,472,353
2820		(1,745,326,723)	(18,043,172)	(16,828,828)	(371,936)	(49,223,570)
2830		(32,655,780)	13,280,068	(1,322,058)	(336,216)	(488,768)
TOTAL DEFERRED ITEMS		(1,146,201,495)	491,050,290	(18,150,688)	200,567	(40,239,986)
ESSBASE:						
A1900-28201		594,019,385	489,145,668	178	817,119	4,198,534
A1900-28206		37,761,623	6,667,727	20	91,600	5,273,819
A2820-28201		(1,589,743,253)	(16,224,382)	(15,132,448)	(334,444)	(44,261,733)
A2820-28206		(155,583,470)	(1,818,789)	(1,696,380)	(37,492)	(4,961,837)
A2830-28201		(29,405,493)	11,936,250	(1,188,792)	(302,325)	(439,499)
A2830-28204		-	-	-	-	-
A2830-28206		(3,250,287)	1,343,818	(133,266)	(33,891)	(49,269)
TOTAL DEFERRED TAX		(1,146,201,495)	491,050,290	(18,150,688)	200,567	(40,239,986)
Difference		(364)	(372)	0	2	2

Docket No. 19-ATMG-XXX-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-74
Page 1 of 1

REQUEST:

1. The total actual bad debt expense amounts and sales revenues for the test year, the four years immediately preceding the test year, and any amounts accrued after the end of the test year to the present.
2. The monthly actual bad debt writeoffs net of recoveries for the test year, the four years immediately preceding the test year, and any amounts recorded after the end of the test year to the present.
3. Please also provide the levels of reserve for bad debt for the same time periods.

RESPONSE:

Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-74_Att1 - Bad Debt as of Mar'19.xlsx, 1 Page.

Respondents: Laura Gillham

Atmos Energy Corporation
Kansas
Bad Debt as of March 19

Period	Bad Debt Write Offs	Bad Debt Recoveries	Net BD Write Offs	Bad Debt Expense	Total Gas Revenue
Apr-14	\$ 70,383	\$ (7,285)	\$ 63,098	\$ 34,257	\$ 9,430,986
May-14	65,499	(6,329)	59,170	169,637	6,277,595
Jun-14	73,996	(7,805)	66,191	232,182	4,995,464
Jul-14	53,719	(11,385)	42,334	30,657	5,197,562
Aug-14	61,484	(6,665)	54,819	29,514	4,929,073
Sep-14	92,623	(8,966)	83,656	(123,947)	5,014,841
Oct-14	118,281	(12,801)	105,480	35,266	5,532,204
Nov-14	56,621	(13,556)	43,065	51,232	12,421,209
Dec-14	73,102	(6,983)	66,119	67,403	17,713,986
Jan-15	84,283	(8,870)	75,412	85,542	23,383,242
Feb-15	55,039	(16,895)	38,144	59,638	16,219,406
Mar-15	443,869	(6,350)	437,519	201,029	14,274,549
Total	\$ 1,248,899	\$ (113,890)	\$ 1,135,009	\$ 872,410	\$ 125,390,118

Period	Bad Debt Write Offs	Bad Debt Recoveries	Net BD Write Offs	Bad Debt Expense	Total Gas Revenue
Apr-15	\$ 15,336	\$ (10,721)	\$ 4,615	\$ 42,513	\$ 6,638,013
May-15	58,307	(10,177)	48,130	33,805	4,698,022
Jun-15	32,774	(9,906)	22,868	297,762	4,353,414
Jul-15	108,314	(8,783)	99,532	34,034	4,767,977
Aug-15	66,311	(5,262)	61,049	33,547	4,560,725
Sep-15	78,794	(10,121)	68,674	(418,082)	4,493,571
Oct-15	130,736	(12,188)	118,548	37,345	5,092,782
Nov-15	47,940	(18,958)	28,982	48,295	8,494,300
Dec-15	75,840	(8,418)	67,422	64,556	12,561,194
Jan-16	80,810	(10,545)	70,264	82,656	19,597,278
Feb-16	40,635	(9,847)	30,787	65,860	13,137,318
Mar-16	29,544	(12,637)	16,907	55,274	10,447,968
Total	\$ 765,340	\$ (127,563)	\$ 637,777	\$ 377,565	\$ 98,842,562

Period	Bad Debt Write Offs	Bad Debt Recoveries	Net BD Write Offs	Bad Debt Expense	Total Gas Revenue
Apr-16	\$ 26,259	\$ (7,150)	\$ 19,110	\$ 40,932	\$ 6,249,008
May-16	26,395	(4,797)	21,598	40,148	5,538,717
Jun-16	32,050	(3,769)	28,281	34,035	4,728,586
Jul-16	25,853	(9,890)	15,963	34,193	4,650,679
Aug-16	44,827	(3,458)	41,368	35,100	4,641,905
Sep-16	51,992	(3,920)	48,072	(110,390)	4,581,315
Oct-16	27,792	(4,015)	23,776	38,644	5,110,470
Nov-16	14,731	(8,942)	5,789	52,762	8,184,549
Dec-16	(1,922)	(9,118)	(11,039)	69,315	15,223,828
Jan-17	21,552	(2,267)	19,285	79,055	20,569,125
Feb-17	3,966	(4,397)	(430)	66,140	13,101,677
Mar-17	15,665	(5,528)	10,137	60,560	11,367,677
Total	\$ 289,159	\$ (67,250)	\$ 221,909	\$ 440,494	\$ 103,947,535

Period	Bad Debt Write Offs	Bad Debt Recoveries	Net BD Write Offs	Bad Debt Expense	Total Gas Revenue
Apr-17	\$ 13,254	\$ (3,563)	\$ 9,691	\$ 45,880	\$ 8,505,546
May-17	17,623	(2,773)	14,851	36,070	5,332,441
Jun-17	19,276	(4,958)	14,319	35,132	4,787,164
Jul-17	32,984	(4,615)	28,369	35,328	4,896,314
Aug-17	40,355	(2,329)	38,026	34,661	4,650,439
Sep-17	309,907	(2,922)	306,985	(164,803)	4,914,935
Oct-17	107,697	(12,838)	94,859	38,575	5,845,012
Nov-17	56,379	(10,513)	45,866	59,433	11,945,130
Dec-17	36,636	(8,302)	28,333	66,759	17,239,261
Jan-18	26,636	(4,659)	21,976	83,566	21,430,796
Feb-18	25,618	(7,497)	18,121	69,677	18,240,013
Mar-18	25,836	(7,169)	18,667	57,798	14,226,826
Total	\$ 712,201	\$ (72,138)	\$ 640,064	\$ 398,096	\$ 122,013,878

Period	Bad Debt Write Offs	Bad Debt Recoveries	Net BD Write Offs	Bad Debt Expense	Total Gas Revenue
Apr-18	\$ 28,712	\$ (3,911)	\$ 24,801	\$ 52,941	\$ 11,700,222
May-18	25,989	(5,001)	20,988	35,342.00	6,153,648
Jun-18	36,258	(3,909)	32,349	225,277.00	4,892,455
Jul-18	38,628	(10,006)	28,622	35,004.00	5,149,683
Aug-18	51,360	(5,348)	46,012	33,949.00	4,702,172
Sep-18	77,889	(4,316)	73,574	(254,860.99)	4,668,936
Oct-18	140,584	(7,371)	133,212	37,262.00	5,967,293
Nov-18	59,421	(12,474)	46,948	51,340.00	11,007,201
Dec-18	61,739	(4,940)	56,798	70,274.00	16,309,018
Jan-19	37,208	(6,705)	30,504	68,645.00	18,252,375
Feb-19	49,742	(9,563)	40,179	66,219.00	16,306,734
Mar-19	32,456	(6,433)	26,022	117,758.00	13,729,248
Total	\$ 639,987	\$ (79,977)	\$ 560,010	\$ 539,150	\$ 118,838,986

Docket No. 19-ATMG-525-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-193 Supplement
Page 1 of 1

(SUPPLEMENTAL RESPONSE 9/4/2019)

REQUEST:

Please provide ten years of historical monthly billing determinants (customer count and unadjusted usage) from April 2009 through March 2019, separated out by rate class and closest First Order weather station.

SUPPLEMENTAL RESPONSE:

Please see supplemental Attachment 1. The Company is unable to provide 10 years of data but is providing nearly nine years of data, which is the longest period available.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-193_Att1_Suppl - Monthly Volume and Count by Class.xlsx, 10 Pages.

Respondent: Gary Smith

Atmos Energy Corporation., Kansas Division
Monthly Volume and Count by Class
April 2010 - March 2019

		Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
TIER 1													
RESIDENTIAL GAS CUSTOMERS													
Dodge City	Count	11,810	11,653	11,608	11,541	11,490	11,351	11,471	11,573	11,640	11,690	11,715	11,703
	Volumes (Ccf)	846,653	369,471	221,007	163,450	148,440	153,830	178,865	440,364	1,237,315	1,864,566	1,900,664	1,385,801
KC	Count	82,769	82,732	82,646	82,420	82,518	81,977	81,967	82,351	82,627	82,748	82,879	83,051
	Volumes (Ccf)	5,397,636	2,342,988	1,765,698	1,314,185	1,197,117	1,242,653	1,395,409	3,433,833	10,825,339	16,297,853	16,500,388	11,066,741
Topeka	Count	5,108	5,049	5,017	5,015	4,979	4,958	4,948	4,970	5,032	5,035	5,030	5,037
	Volumes (Ccf)	264,874	120,264	80,546	64,713	58,889	63,483	73,453	186,509	545,749	768,120	762,927	512,590
Wichita	Count	19,127	18,765	18,610	18,465	18,332	18,330	18,384	18,506	18,687	18,797	18,811	18,858
	Volumes (Ccf)	1,160,980	439,506	275,175	206,427	188,659	188,575	260,125	660,833	1,927,876	3,029,191	3,132,093	2,100,270
Total	Count	118,814	118,199	117,881	117,441	117,319	116,616	116,770	117,400	117,986	118,270	118,435	118,649
	Volumes (Ccf)	7,670,143	3,272,229	2,342,425	1,748,775	1,593,106	1,648,542	1,907,853	4,721,539	14,536,279	21,959,731	22,296,071	15,065,401
COMMERCIAL GAS CUSTOMERS													
Dodge City	Count	1,550	1,522	1,512	1,501	1,496	1,489	1,495	1,508	1,528	1,532	1,514	1,533
	Volumes (Ccf)	279,463	115,771	82,747	69,698	65,524	78,116	85,328	134,796	386,485	618,984	650,881	465,971
KC	Count	5,191	5,132	5,102	5,065	5,058	5,000	5,017	5,062	5,235	5,268	5,246	5,278
	Volumes (Ccf)	1,455,885	650,400	539,196	450,629	419,108	466,303	457,170	815,891	2,463,086	4,040,016	4,291,845	2,916,613
Topeka	Count	403	392	391	388	391	386	382	391	397	398	401	403
	Volumes (Ccf)	68,196	27,081	22,084	19,481	18,438	19,636	24,529	57,287	181,016	243,097	245,396	168,092
Wichita	Count	2,346	2,311	2,283	2,261	2,249	2,242	2,255	2,268	2,286	2,309	2,299	2,308
	Volumes (Ccf)	446,234	119,666	166,016	105,048	101,873	120,050	134,172	242,542	704,538	1,167,691	1,250,803	816,775
Total	Count	9,490	9,357	9,288	9,215	9,194	9,117	9,149	9,229	9,446	9,507	9,460	9,522
	Volumes (Ccf)	2,249,777	912,918	810,042	644,856	604,943	684,105	701,199	1,250,516	3,735,125	6,069,787	6,438,926	4,367,451
PUBLIC AUTHORITY FIRM (CC40)													
Dodge City	Count	240	241	238	240	236	236	236	238	238	240	239	239
	Volumes (Ccf)	142,015	57,027	39,107	36,065	29,420	31,803	31,895	59,374	162,388	242,410	244,536	187,365
KC	Count	32	32	34	30	30	30	30	30	30	30	30	32
	Volumes (Ccf)	9,157	2,473	2,101	896	1,242	971	792	4,337	15,325	28,104	26,684	20,865
Topeka	Count	60	60	60	60	60	61	60	58	58	58	58	58
	Volumes (Ccf)	13,670	5,434	4,898	4,275	3,814	4,234	4,131	7,550	24,306	37,552	38,795	25,545
Wichita	Count	148	149	149	149	149	149	150	151	150	149	149	149
	Volumes (Ccf)	46,521	19,436	16,641	17,505	30,935	16,590	12,428	31,418	86,753	128,085	140,086	102,706
Total	Count	480	482	481	479	475	476	476	477	476	477	476	478
	Volumes (Ccf)	211,363	84,369	62,748	58,741	65,410	53,598	49,245	102,678	288,771	436,151	450,101	336,481
Grand Total	Count	128,784	128,038	127,650	127,135	126,988	126,209	126,395	127,106	127,908	128,254	128,371	128,649
	Volumes (Ccf)	10,131,282	4,269,516	3,215,215	2,452,372	2,263,459	2,386,244	2,658,297	6,074,733	18,560,175	28,465,668	29,185,097	19,769,333

Atmos Energy Corporation., Kansas Division
Monthly Volume and Count by Class
April 2010 - March 2019

		Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
TIER 1													
RESIDENTIAL GAS CUSTOMERS													
Dodge City	Count	11,696	11,575	11,546	11,376	11,412	11,370	11,471	11,573	11,640	11,690	11,715	11,703
	Volumes (Ccf)	790,136	454,414	221,707	158,209	138,588	146,492	178,527	440,676	1,237,737	1,862,645	1,903,562	1,383,971
KC	Count	83,034	82,948	82,992	82,531	83,217	82,734	81,967	82,351	82,627	82,748	82,879	83,051
	Volumes (Ccf)	6,140,598	3,257,671	1,780,371	1,319,906	1,188,137	1,254,955	1,393,002	3,429,987	10,827,150	16,304,821	16,486,944	11,049,407
Topeka	Count	5,046	5,047	5,013	4,991	5,012	4,973	4,948	4,970	5,032	5,035	5,030	5,037
	Volumes (Ccf)	280,351	166,508	84,356	62,432	58,372	63,547	74,165	185,845	546,453	767,516	761,399	511,978
Wichita	Count	18,755	18,573	18,484	18,120	18,320	18,112	18,384	18,506	18,687	18,797	18,811	18,858
	Volumes (Ccf)	1,159,438	631,468	300,549	197,442	171,592	196,435	260,843	660,969	1,927,613	3,029,200	3,131,203	2,100,468
Total	Count	118,531	118,143	118,035	117,018	117,961	117,189	116,770	117,400	117,986	118,270	118,435	118,649
	Volumes (Ccf)	8,370,523	4,510,060	2,386,983	1,737,989	1,556,690	1,661,428	1,906,538	4,717,477	14,538,953	21,964,183	22,283,107	15,045,823
COMMERCIAL GAS CUSTOMERS													
Dodge City	Count	1,517	1,507	1,498	1,465	1,470	1,465	1,495	1,508	1,528	1,532	1,514	1,533
	Volumes (Ccf)	252,582	140,401	79,990	66,595	62,442	65,449	85,486	134,786	385,297	619,025	652,176	464,811
KC	Count	5,254	5,185	5,147	4,953	5,238	5,088	5,017	5,062	5,235	5,268	5,246	5,278
	Volumes (Ccf)	1,644,444	850,944	579,328	459,712	442,352	479,221	456,396	816,272	2,462,599	4,040,273	4,290,821	2,906,448
Topeka	Count	400	394	391	369	377	372	382	391	397	398	401	403
	Volumes (Ccf)	89,406	43,103	25,983	18,722	23,151	34,156	24,954	56,777	181,116	243,197	244,296	169,064
Wichita	Count	2,297	2,298	2,280	2,200	2,289	2,225	2,255	2,268	2,286	2,309	2,299	2,308
	Volumes (Ccf)	430,850	338,351	136,550	110,529	100,250	112,774	133,957	242,941	704,241	1,167,999	1,247,204	818,339
Total	Count	9,468	9,384	9,316	8,987	9,374	9,150	9,149	9,229	9,446	9,507	9,460	9,522
	Volumes (Ccf)	2,417,281	1,372,798	821,851	655,558	628,195	691,600	700,793	1,250,776	3,733,253	6,070,493	6,434,498	4,358,662
PUBLIC AUTHORITY FIRM (CC40)													
Dodge City	Count	241	243	239	238	238	238	236	238	238	240	239	239
	Volumes (Ccf)	114,890	67,873	39,776	38,529	26,215	24,690	31,795	59,364	162,730	241,968	244,646	187,355
KC	Count	28	28	28	27	29	28	30	30	30	30	30	32
	Volumes (Ccf)	9,377	3,693	1,274	684	490	726	859	4,337	15,325	28,104	26,684	20,865
Topeka	Count	58	58	58	58	58	58	60	58	58	58	58	58
	Volumes (Ccf)	15,779	7,452	4,384	3,406	3,429	4,308	4,131	6,950	24,906	37,552	38,394	25,828
Wichita	Count	151	147	149	142	151	146	150	151	150	149	149	149
	Volumes (Ccf)	54,239	24,542	16,156	11,237	21,702	9,856	12,428	31,418	86,753	128,085	140,186	102,506
Total	Count	478	476	474	465	476	470	476	477	476	477	476	478
	Volumes (Ccf)	194,286	103,560	61,590	53,855	51,836	39,580	49,212	102,068	289,713	435,709	449,910	336,554
Grand Total	Count	128,477	128,003	127,825	126,470	127,811	126,809	126,395	127,106	127,908	128,254	128,371	128,649
	Volumes (Ccf)	10,982,090	5,986,419	3,270,424	2,447,402	2,236,721	2,392,608	2,656,543	6,070,321	18,561,919	28,470,384	29,167,514	19,741,039

Atmos Energy Corporation., Kansas Division
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		Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
TIER 1													
RESIDENTIAL GAS CUSTOMERS													
Dodge City	Count	11,696	11,575	11,546	11,376	11,412	11,370	11,431	11,507	11,560	11,560	11,597	11,564
	Volumes (Ccf)	790,207	453,806	221,554	158,564	138,663	146,394	242,704	588,255	980,633	1,771,662	1,472,517	1,389,919
KC	Count	83,034	82,948	82,992	82,531	83,217	82,734	83,535	83,826	84,013	84,143	83,855	84,600
	Volumes (Ccf)	6,180,048	3,248,804	1,781,590	1,311,794	1,187,566	1,257,056	2,011,225	4,755,620	7,665,965	14,233,609	12,212,969	12,050,550
Topeka	Count	5,046	5,047	5,013	4,991	5,012	4,973	4,971	4,999	4,993	4,996	5,011	5,010
	Volumes (Ccf)	281,736	166,364	84,638	61,626	58,714	64,103	104,791	230,742	381,122	686,140	557,260	557,199
Wichita	Count	18,755	18,573	18,484	18,120	18,320	18,112	17,985	18,105	18,216	18,298	18,308	18,314
	Volumes (Ccf)	1,160,211	631,451	299,997	197,470	171,645	197,417	333,529	853,980	1,459,197	2,651,836	2,191,290	2,158,500
Total	Count	118,531	118,143	118,035	117,018	117,961	117,189	117,922	118,437	118,782	118,997	118,771	119,488
	Volumes (Ccf)	8,412,202	4,500,424	2,387,779	1,729,454	1,556,589	1,664,969	2,692,249	6,428,596	10,486,918	19,343,248	16,434,036	16,156,168
COMMERCIAL GAS CUSTOMERS													
Dodge City	Count	1,517	1,507	1,498	1,465	1,470	1,465	1,460	1,478	1,491	1,511	1,511	1,499
	Volumes (Ccf)	253,610	140,777	79,966	66,216	62,378	65,662	167,129	206,162	326,407	637,119	528,224	488,617
KC	Count	5,254	5,185	5,147	4,953	5,238	5,088	5,086	5,155	5,209	5,224	5,248	5,287
	Volumes (Ccf)	1,651,752	849,808	582,765	457,820	446,647	477,281	597,489	1,051,708	2,014,125	3,617,763	3,190,372	3,233,286
Topeka	Count	400	394	391	369	377	372	376	387	388	388	386	385
	Volumes (Ccf)	89,511	43,126	25,901	18,804	23,161	34,146	57,139	89,749	153,590	259,844	215,705	217,525
Wichita	Count	2,297	2,298	2,280	2,200	2,289	2,225	2,288	2,301	2,328	2,326	2,321	2,327
	Volumes (Ccf)	433,305	338,253	136,407	110,369	100,389	112,984	147,314	295,146	529,165	1,004,071	830,876	812,584
Total	Count	9,468	9,384	9,316	8,987	9,374	9,150	9,210	9,321	9,416	9,449	9,466	9,498
	Volumes (Ccf)	2,428,177	1,371,963	825,039	653,209	632,575	690,073	969,070	1,642,765	3,023,287	5,518,798	4,765,177	4,752,012
PUBLIC AUTHORITY FIRM (CC40)													
Dodge City	Count	241	243	239	238	238	238	238	239	240	240	238	238
	Volumes (Ccf)	114,850	67,980	39,645	38,580	26,215	24,703	45,557	87,947	144,997	245,543	212,353	192,363
KC	Count	28	28	28	27	29	28	28	28	28	28	27	27
	Volumes (Ccf)	9,377	3,692	1,274	684	481	803	1,017	3,782	9,525	20,313	17,252	17,821
Topeka	Count	58	58	58	58	58	58	59	59	59	59	59	59
	Volumes (Ccf)	15,915	7,486	4,353	3,385	3,429	4,308	5,330	10,702	17,544	35,240	27,309	26,405
Wichita	Count	151	147	149	142	151	146	144	144	144	146	145	145
	Volumes (Ccf)	54,239	24,542	16,156	11,237	21,702	9,856	16,528	35,209	62,234	109,104	89,206	89,643
Total	Count	478	476	474	465	476	470	469	470	471	473	469	469
	Volumes (Ccf)	194,382	103,700	61,428	53,885	51,827	39,670	68,432	137,639	234,301	410,199	346,120	326,233
Grand Total	Count	128,477	128,003	127,825	126,470	127,811	126,809	127,601	128,228	128,669	128,919	128,706	129,455
	Volumes (Ccf)	11,034,761	5,976,088	3,274,246	2,436,548	2,240,991	2,394,712	3,729,751	8,209,000	13,744,506	25,272,245	21,545,333	21,234,413

Atmos Energy Corporation., Kansas Division
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		Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
TIER 1												
RESIDENTIAL GAS CUSTOMERS												
Dodge City	Count	11,658	11,762	11,726	11,716	11,756	11,600	11,631	11,657	11,686	11,801	11,788
	Volumes (Ccf)	924,592	870,680	221,792	154,239	149,346	150,883	182,503	644,720	1,413,756	2,045,416	1,958,473
KC	Count	84,820	84,686	84,612	84,915	86,436	84,380	84,916	84,889	85,202	85,198	85,296
	Volumes (Ccf)	7,952,139	6,302,662	1,876,877	1,362,455	1,278,179	1,289,191	1,656,508	5,149,168	13,030,282	18,064,366	17,722,240
Topeka	Count	5,054	5,043	5,019	5,078	5,077	4,996	5,016	5,031	5,033	5,041	5,036
	Volumes (Ccf)	343,796	293,147	76,614	63,575	63,193	62,910	78,651	271,178	604,752	834,330	798,948
Wichita	Count	18,407	18,122	18,092	18,136	18,181	17,880	18,003	18,035	18,077	18,229	18,159
	Volumes (Ccf)	1,472,508	1,203,456	293,588	191,733	186,623	194,780	253,079	936,173	2,275,812	3,204,718	3,149,557
Total	Count	119,939	119,613	119,449	119,845	121,450	118,856	119,566	119,612	119,998	120,269	120,279
	Volumes (Ccf)	10,693,035	8,669,945	2,468,871	1,772,002	1,677,341	1,697,764	2,170,740	7,001,239	17,324,601	24,148,831	23,629,218
COMMERCIAL GAS CUSTOMERS												
Dodge City	Count	1,499	1,503	1,498	1,489	1,488	1,479	1,473	1,497	1,504	1,518	1,502
	Volumes (Ccf)	331,316	307,993	99,399	77,911	78,823	81,441	145,207	255,858	490,913	716,905	716,462
KC	Count	5,293	5,183	5,132	5,139	5,230	5,085	5,074	5,110	5,156	5,183	5,220
	Volumes (Ccf)	2,234,711	1,691,751	661,859	489,766	482,401	482,402	539,077	1,206,339	3,095,255	4,606,180	4,812,006
Topeka	Count	389	443	434	446	439	437	437	440	453	449	447
	Volumes (Ccf)	134,545	103,630	37,150	29,617	32,654	33,158	40,896	101,524	221,240	293,639	268,584
Wichita	Count	2,335	2,318	2,306	2,307	2,291	2,251	2,256	2,262	2,300	2,304	2,293
	Volumes (Ccf)	527,975	417,689	131,688	100,178	105,513	107,147	134,032	335,724	897,432	1,286,247	1,191,996
Total	Count	9,516	9,447	9,370	9,381	9,448	9,252	9,240	9,309	9,413	9,454	9,462
	Volumes (Ccf)	3,228,548	2,521,062	930,097	697,471	699,392	704,149	859,211	1,899,445	4,704,840	6,902,972	6,989,048
PUBLIC AUTHORITY FIRM (CC40)												
Dodge City	Count	239	239	241	241	239	239	237	241	239	272	269
	Volumes (Ccf)	130,711	141,364	48,524	33,994	32,079	32,230	34,123	102,117	218,248	296,405	278,566
KC	Count	28	29	29	29	29	29	29	30	29	31	31
	Volumes (Ccf)	12,651	7,341	1,921	643	643	670	972	4,619	15,345	25,101	24,630
Topeka	Count	59	58	58	59	58	58	58	58	58	82	78
	Volumes (Ccf)	16,894	27,666	5,328	3,738	4,475	4,987	5,040	17,857	44,963	73,181	73,512
Wichita	Count	145	148	143	142	146	144	142	144	145	163	161
	Volumes (Ccf)	57,402	60,139	16,358	9,628	9,876	8,639	15,892	42,538	108,475	156,526	145,176
Total	Count	471	474	471	471	472	470	466	473	471	548	539
	Volumes (Ccf)	217,657	236,511	72,132	48,003	47,073	46,525	56,027	167,131	387,031	551,214	521,885
Grand Total	Count	129,926	129,534	129,290	129,697	131,370	128,578	129,272	129,394	129,882	130,271	130,280
	Volumes (Ccf)	14,139,240	11,427,518	3,471,100	2,517,476	2,423,806	2,448,437	3,085,978	9,067,815	22,416,471	31,603,016	31,140,151

Atmos Energy Corporation., Kansas Division
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		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
TIER 1												
RESIDENTIAL GAS CUSTOMERS												
Dodge City	Count	11,865	11,784	11,807	11,674	11,650	11,577	11,504	11,466	11,597	11,648	11,702
	Volumes (Ccf)	1,550,914	880,121	450,846	212,503	155,063	147,647	148,072	202,384	549,167	1,321,682	1,909,159
KC	Count	85,574	85,483	85,817	84,788	86,770	85,211	85,520	86,100	85,936	86,574	86,406
	Volumes (Ccf)	13,848,507	6,590,733	3,320,075	1,713,663	1,338,065	1,301,516	1,326,749	1,743,597	5,219,435	12,061,917	16,544,606
Topeka	Count	5,037	5,035	5,067	5,036	5,027	4,951	4,978	4,953	5,003	5,019	5,026
	Volumes (Ccf)	586,390	331,180	150,894	75,524	64,989	61,638	64,720	87,864	269,685	544,120	764,247
Wichita	Count	18,192	18,067	18,108	17,845	17,863	17,664	17,477	17,439	17,633	17,792	17,853
	Volumes (Ccf)	2,428,664	1,295,137	592,883	267,120	191,211	185,595	180,907	258,005	873,980	2,002,512	2,895,120
Total	Count	120,668	120,369	120,799	119,343	121,310	119,403	119,479	119,958	120,169	121,033	120,987
	Volumes (Ccf)	18,414,475	9,097,172	4,514,698	2,268,810	1,749,327	1,696,397	1,720,449	2,291,850	6,912,266	15,930,232	22,113,132
COMMERCIAL GAS CUSTOMERS												
Dodge City	Count	1,508	1,504	1,488	1,487	1,482	1,471	1,468	1,468	1,487	1,515	1,494
	Volumes (Ccf)	546,173	293,996	154,794	89,710	75,592	74,076	77,899	108,246	228,291	468,122	688,734
KC	Count	5,184	5,175	5,171	5,123	5,093	5,023	5,071	5,082	5,169	5,217	5,274
	Volumes (Ccf)	3,571,483	1,832,066	927,832	549,632	477,319	448,798	441,520	537,103	1,271,245	3,055,728	4,221,882
Topeka	Count	443	442	436	421	417	423	417	418	433	447	448
	Volumes (Ccf)	204,897	124,424	55,241	36,157	39,904	34,074	37,584	45,690	99,936	181,567	258,039
Wichita	Count	2,280	2,299	2,268	2,265	2,236	2,221	2,213	2,258	2,209	2,246	2,272
	Volumes (Ccf)	922,961	457,353	224,131	122,461	120,314	111,836	131,224	169,347	367,770	808,571	1,185,861
Total	Count	9,415	9,420	9,363	9,296	9,228	9,138	9,169	9,226	9,298	9,425	9,488
	Volumes (Ccf)	5,245,515	2,707,839	1,361,998	796,959	713,129	668,784	688,226	860,386	1,967,242	4,513,989	6,354,516
PUBLIC AUTHORITY FIRM (CC40)												
Dodge City	Count	274	261	261	261	260	258	261	259	258	260	259
	Volumes (Ccf)	225,515	138,536	82,285	46,915	38,340	34,581	31,250	34,785	71,359	197,836	274,495
KC	Count	31	30	30	29	29	29	27	31	33	30	30
	Volumes (Ccf)	19,539	8,629	3,233	873	662	658	597	1,046	3,889	15,216	20,567
Topeka	Count	79	77	78	78	77	77	78	80	76	77	78
	Volumes (Ccf)	54,393	28,421	12,669	5,139	4,266	4,052	4,340	5,520	11,841	54,864	52,664
Wichita	Count	162	160	159	158	162	159	160	156	150	147	148
	Volumes (Ccf)	114,519	63,047	26,274	13,804	10,111	9,686	12,921	17,368	44,089	92,691	131,752
Total	Count	546	528	528	526	528	523	526	526	517	514	515
	Volumes (Ccf)	413,966	238,633	124,461	66,732	53,379	48,976	49,108	58,719	131,177	360,607	479,477
Grand Total	Count	130,629	130,317	130,690	129,165	131,066	129,064	129,174	129,710	129,984	130,972	130,990
	Volumes (Ccf)	24,073,956	12,043,644	6,001,157	3,132,501	2,515,836	2,414,157	2,457,783	3,210,955	9,010,685	20,804,828	28,947,125

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		Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
TIER 1												
RESIDENTIAL GAS CUSTOMERS												
Dodge City	Count	11,714	11,744	11,672	11,737	11,556	11,568	11,697	11,379	11,362	11,438	11,576
	Volumes (Ccf)	1,449,151	1,514,739	631,873	324,624	255,826	160,776	143,361	135,351	188,701	399,548	1,080,758
KC	Count	86,595	87,237	86,614	87,396	87,556	87,370	87,002	86,775	87,099	87,154	87,730
	Volumes (Ccf)	12,960,466	13,105,746	5,016,628	2,252,292	1,691,463	1,432,954	1,288,441	1,266,381	1,515,074	3,358,979	8,714,578
Topeka	Count	5,026	5,050	5,028	5,065	5,017	5,043	4,971	4,958	4,969	4,988	5,031
	Volumes (Ccf)	569,925	572,644	235,820	105,206	81,585	69,479	58,093	59,842	73,374	160,678	422,367
Wichita	Count	17,851	17,920	17,799	17,865	17,651	17,529	17,303	17,242	17,221	17,394	17,522
	Volumes (Ccf)	2,273,782	2,370,396	906,389	413,109	312,669	205,987	191,442	187,164	236,820	541,624	1,508,781
Total	Count	121,186	121,951	121,113	122,063	121,780	121,510	120,973	120,354	120,651	120,974	121,859
	Volumes (Ccf)	17,253,325	17,563,525	6,790,710	3,095,232	2,341,544	1,869,197	1,681,336	1,648,739	2,013,969	4,460,829	11,726,484
COMMERCIAL GAS CUSTOMERS												
Dodge City	Count	1,501	1,527	1,470	1,466	1,475	1,451	1,496	1,463	1,443	1,472	1,474
	Volumes (Ccf)	525,481	543,424	219,491	117,505	99,570	78,561	75,571	130,181	150,796	164,556	409,782
KC	Count	5,237	5,333	5,215	5,257	5,270	5,151	5,123	5,131	5,132	5,170	5,267
	Volumes (Ccf)	3,463,569	3,471,763	1,360,090	645,219	597,122	533,768	470,159	433,249	497,606	830,756	2,152,131
Topeka	Count	439	444	442	430	439	426	427	427	418	430	435
	Volumes (Ccf)	190,189	201,909	93,143	45,159	38,390	30,438	29,998	34,205	41,943	64,694	151,656
Wichita	Count	2,246	2,263	2,248	2,253	2,241	2,207	2,197	2,189	2,163	2,212	2,241
	Volumes (Ccf)	920,189	927,863	331,434	155,672	127,511	105,027	98,418	102,547	125,059	211,598	585,458
Total	Count	9,423	9,567	9,375	9,406	9,425	9,235	9,243	9,210	9,156	9,284	9,417
	Volumes (Ccf)	5,099,427	5,144,959	2,004,158	963,555	862,593	747,795	674,146	700,182	815,404	1,271,604	3,299,027
PUBLIC AUTHORITY FIRM (CC40)												
Dodge City	Count	256	258	259	257	257	257	256	252	250	249	249
	Volumes (Ccf)	201,421	216,856	100,357	61,760	49,677	29,486	25,550	27,011	29,397	56,363	156,352
KC	Count	30	32	32	32	31	31	31	31	30	32	31
	Volumes (Ccf)	18,483	20,224	7,068	2,260	1,274	742	665	666	992	2,510	11,153
Topeka	Count	69	70	78	69	69	70	56	68	68	67	68
	Volumes (Ccf)	39,474	43,924	16,705	5,595	4,466	4,016	3,485	3,576	4,080	7,792	25,562
Wichita	Count	149	148	150	148	149	148	144	146	148	148	149
	Volumes (Ccf)	97,627	98,677	36,876	18,653	15,201	9,183	9,661	10,766	10,990	25,056	66,607
Total	Count	504	508	519	506	506	506	487	497	496	496	497
	Volumes (Ccf)	357,005	379,682	161,007	88,268	70,618	43,426	39,361	42,019	45,458	91,720	259,673
Grand Total	Count	131,113	132,026	131,007	131,975	131,711	131,251	130,703	130,061	130,303	130,754	131,773
	Volumes (Ccf)	22,709,757	23,088,166	8,955,875	4,147,054	3,274,756	2,660,418	2,394,843	2,390,939	2,874,831	5,824,154	15,285,184

**Atmos Energy Corporation., Kansas Division
 Monthly Volume and Count by Class
 April 2010 - March 2019**

		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
TIER 1												
RESIDENTIAL GAS CUSTOMERS												
Dodge City	Count	11,591	11,608	11,679	11,587	11,635	11,471	11,452	11,515	11,339	11,276	11,457
	Volumes (Ccf)	1,628,759	1,533,719	917,206	809,978	350,815	212,514	140,459	127,069	148,616	164,677	273,601
KC	Count	87,686	87,793	88,272	87,937	88,180	88,690	87,429	89,304	88,044	88,049	88,713
	Volumes (Ccf)	14,221,346	13,728,740	7,775,652	5,393,306	2,544,009	1,786,436	1,302,037	1,132,171	1,360,503	1,455,306	2,323,197
Topeka	Count	5,054	5,047	5,079	5,060	5,045	5,072	5,020	5,066	5,012	5,006	5,014
	Volumes (Ccf)	679,272	603,322	324,993	257,328	117,248	77,827	60,966	54,124	62,519	74,240	128,901
Wichita	Count	17,596	17,728	17,743	17,567	17,720	17,374	17,286	17,311	17,011	17,044	17,393
	Volumes (Ccf)	2,465,400	2,239,747	1,382,798	1,002,504	442,138	241,157	172,322	168,991	198,131	232,961	360,581
Total	Count	121,927	122,176	122,773	122,151	122,580	122,607	121,187	123,196	121,406	121,375	122,577
	Volumes (Ccf)	18,994,777	18,105,528	10,400,649	7,463,116	3,454,209	2,317,934	1,675,785	1,482,355	1,769,769	1,927,184	3,086,280
COMMERCIAL GAS CUSTOMERS												
Dodge City	Count	1,488	1,489	1,488	1,489	1,480	1,460	1,448	1,472	1,442	1,438	1,471
	Volumes (Ccf)	612,679	577,034	335,186	292,773	135,267	100,334	67,301	83,512	103,121	88,234	111,055
KC	Count	5,267	5,283	5,302	5,222	5,236	5,209	5,092	5,236	5,129	5,104	5,208
	Volumes (Ccf)	3,663,373	3,609,866	2,141,577	1,531,395	708,574	554,403	426,423	412,222	465,083	490,298	636,074
Topeka	Count	436	444	442	449	436	447	437	441	438	441	442
	Volumes (Ccf)	235,124	235,204	124,984	100,436	44,425	30,638	20,651	20,856	21,885	35,666	51,410
Wichita	Count	2,245	2,248	2,243	2,206	2,219	2,159	2,132	2,163	2,127	2,134	2,148
	Volumes (Ccf)	1,004,742	866,467	508,340	374,861	162,841	128,759	103,436	99,761	121,037	134,936	177,819
Total	Count	9,436	9,464	9,475	9,366	9,371	9,275	9,109	9,312	9,136	9,117	9,269
	Volumes (Ccf)	5,515,917	5,288,571	3,110,088	2,299,466	1,051,107	814,134	617,811	616,352	711,125	749,135	976,358
PUBLIC AUTHORITY FIRM (CC40)												
Dodge City	Count	250	249	249	250	248	248	248	249	247	247	248
	Volumes (Ccf)	232,380	215,532	137,454	182,281	37,545	44,180	28,476	21,349	27,322	32,032	39,102
KC	Count	31	31	31	31	30	32	28	34	31	31	31
	Volumes (Ccf)	19,585	20,060	11,730	7,226	2,778	1,162	733	673	740	1,027	2,212
Topeka	Count	67	67	67	67	67	67	66	68	67	67	67
	Volumes (Ccf)	44,601	42,395	26,003	19,446	7,096	4,782	3,667	3,885	4,232	4,713	8,483
Wichita	Count	149	150	150	150	151	149	148	152	149	150	152
	Volumes (Ccf)	107,165	106,507	49,533	38,643	23,664	12,064	8,664	9,083	12,603	14,726	20,253
Total	Count	497	497	497	498	496	496	490	503	494	495	498
	Volumes (Ccf)	403,732	384,494	224,720	247,597	71,083	62,188	41,540	34,989	44,897	52,498	70,051
Grand Total	Count	131,860	132,137	132,745	132,015	132,447	132,378	130,786	133,011	131,036	130,987	132,344
	Volumes (Ccf)	24,914,426	23,778,593	13,735,457	10,010,178	4,576,399	3,194,257	2,335,136	2,133,696	2,525,791	2,728,816	4,132,688

Atmos Energy Corporation., Kansas Division
Monthly Volume and Count by Class
April 2010 - March 2019

		Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
TIER 1												
RESIDENTIAL GAS CUSTOMERS												
Dodge City	Count	11,464	11,597	11,545	11,595	11,499	11,597	11,456	11,295	11,272	11,169	11,283
	Volumes (Ccf)	1,057,248	1,858,671	1,336,489	864,335	682,329	415,176	218,279	145,904	118,287	148,197	164,039
KC	Count	88,794	89,137	89,342	89,474	89,387	90,050	89,715	89,457	89,837	89,378	89,718
	Volumes (Ccf)	10,024,857	16,611,725	11,131,797	7,342,917	5,464,725	2,907,022	1,744,113	1,313,426	1,201,173	1,399,239	1,467,653
Topeka	Count	5,061	5,108	5,083	5,099	5,100	5,113	5,090	5,078	5,066	5,011	5,033
	Volumes (Ccf)	498,360	754,026	482,867	341,465	229,201	134,635	73,885	61,339	52,997	61,874	72,277
Wichita	Count	17,301	17,551	17,550	17,482	17,424	17,554	17,258	17,022	16,957	16,855	16,980
	Volumes (Ccf)	1,642,783	2,663,732	1,867,672	1,208,804	892,610	494,213	240,854	174,886	148,627	179,365	203,475
Total	Count	122,620	123,393	123,520	123,650	123,410	124,314	123,519	122,852	123,132	122,413	123,014
	Volumes (Ccf)	13,223,249	21,888,154	14,818,826	9,757,521	7,268,865	3,951,045	2,277,132	1,695,554	1,521,083	1,788,674	1,907,444
COMMERCIAL GAS CUSTOMERS												
Dodge City	Count	1,470	1,449	1,480	1,483	1,483	1,473	1,425	1,454	1,435	1,420	1,448
	Volumes (Ccf)	387,740	715,556	494,995	314,010	264,457	160,595	101,909	82,566	71,520	96,525	111,417
KC	Count	5,265	5,383	5,328	5,337	5,307	5,311	5,265	5,167	5,203	5,135	5,184
	Volumes (Ccf)	2,422,339	4,391,417	3,185,585	2,044,222	1,661,747	866,450	707,545	527,610	421,244	481,772	467,404
Topeka	Count	444	453	458	450	448	440	446	439	435	436	437
	Volumes (Ccf)	186,188	284,134	183,620	130,131	89,670	48,985	25,124	24,226	27,607	30,906	36,005
Wichita	Count	2,223	2,154	2,178	2,180	2,193	2,195	2,186	2,124	2,145	2,119	2,134
	Volumes (Ccf)	657,802	1,064,940	760,373	475,214	340,376	192,114	145,606	104,132	91,821	133,973	117,408
Total	Count	9,402	9,439	9,444	9,450	9,431	9,419	9,322	9,184	9,218	9,110	9,203
	Volumes (Ccf)	3,654,069	6,456,047	4,624,573	2,963,578	2,356,249	1,268,144	980,183	738,534	612,192	743,176	732,234
PUBLIC AUTHORITY FIRM (CC40)												
Dodge City	Count	249	248	249	248	248	248	248	246	249	249	247
	Volumes (Ccf)	129,191	249,750	191,324	121,536	106,181	56,931	38,394	28,596	24,597	23,272	26,927
KC	Count	31	31	31	31	31	31	31	31	30	31	30
	Volumes (Ccf)	11,090	24,159	18,020	10,794	8,856	2,769	1,110	780	828	912	889
Topeka	Count	67	67	67	67	67	67	67	67	67	67	67
	Volumes (Ccf)	26,792	51,978	36,145	22,629	17,533	7,643	4,387	3,216	3,772	4,128	4,367
Wichita	Count	147	148	149	148	147	149	151	143	147	146	147
	Volumes (Ccf)	77,791	111,031	74,455	51,038	40,677	21,202	13,031	8,349	7,312	10,531	12,971
Total	Count	494	494	496	494	493	495	497	487	493	493	491
	Volumes (Ccf)	244,864	436,919	319,944	205,997	173,247	88,546	56,921	40,940	36,509	38,842	45,155
Grand Total	Count	132,516	133,326	133,460	133,594	133,334	134,228	133,338	132,523	132,843	132,016	132,708
	Volumes (Ccf)	17,122,181	28,781,119	19,763,342	12,927,097	9,798,361	5,307,735	3,314,236	2,475,029	2,169,784	2,570,692	2,684,832

Atmos Energy Corporation., Kansas Division
Monthly Volume and Count by Class
April 2010 - March 2019

		Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
TIER 1												
RESIDENTIAL GAS CUSTOMERS												
Dodge City	Count	11,320	11,409	11,513	11,477	11,467	11,435	11,570	11,435	11,313	11,231	11,100
	Volumes (Ccf)	634,663	919,795	1,872,653	1,631,248	1,247,391	917,429	452,973	158,152	129,063	119,132	137,389
KC	Count	90,068	90,251	90,609	90,512	90,798	90,925	91,176	90,655	91,334	91,177	90,439
	Volumes (Ccf)	5,903,769	8,282,506	19,046,612	15,381,643	11,036,963	9,630,139	3,827,552	1,496,663	1,260,002	1,163,421	1,312,715
Topeka	Count	5,052	5,106	5,112	5,178	5,209	5,187	5,215	5,037	5,301	5,168	5,104
	Volumes (Ccf)	296,553	391,762	881,443	663,037	492,099	422,846	140,130	65,765	58,305	53,579	59,822
Wichita	Count	17,118	17,205	17,365	17,292	17,319	17,290	17,323	17,054	16,929	16,833	16,569
	Volumes (Ccf)	883,905	1,351,137	2,854,669	2,512,501	1,824,620	1,422,736	618,091	192,954	159,363	189,407	186,276
Total	Count	123,558	123,971	124,599	124,459	124,793	124,837	125,284	124,181	124,877	124,409	123,212
	Volumes (Ccf)	7,718,891	10,945,200	24,655,376	20,188,430	14,601,072	12,393,150	5,038,746	1,913,534	1,606,734	1,525,540	1,696,202
COMMERCIAL GAS CUSTOMERS												
Dodge City	Count	1,461	1,466	1,483	1,486	1,490	1,481	1,460	1,472	1,450	1,452	1,424
	Volumes (Ccf)	255,010	354,016	732,068	630,186	485,239	354,917	208,995	106,273	90,849	98,079	95,941
KC	Count	5,295	5,320	5,418	5,398	5,411	5,390	5,386	5,267	5,326	5,290	5,176
	Volumes (Ccf)	1,437,240	2,223,103	5,051,766	4,225,275	3,124,842	2,637,580	1,143,605	534,529	471,315	465,714	476,465
Topeka	Count	436	446	459	456	456	458	456	434	453	434	427
	Volumes (Ccf)	104,492	149,838	347,011	269,643	201,812	175,513	57,170	32,341	28,617	30,381	34,069
Wichita	Count	2,164	2,178	2,195	2,183	2,190	2,177	2,189	2,118	2,101	2,097	2,074
	Volumes (Ccf)	351,175	550,430	1,235,148	1,057,725	757,879	602,112	286,901	148,277	128,027	110,455	109,292
Total	Count	9,356	9,410	9,555	9,523	9,547	9,506	9,491	9,291	9,330	9,273	9,101
	Volumes (Ccf)	2,147,916	3,277,387	7,365,994	6,182,829	4,569,773	3,770,122	1,696,671	821,420	718,808	704,628	715,767
PUBLIC AUTHORITY FIRM (CC40)												
Dodge City	Count	246	248	245	246	245	245	245	247	243	240	242
	Volumes (Ccf)	79,543	120,004	236,390	210,643	174,775	116,121	71,037	33,689	21,805	20,127	27,853
KC	Count	30	31	30	30	30	30	30	28	31	32	28
	Volumes (Ccf)	5,660	11,496	24,989	22,234	17,017	12,988	5,292	761	659	677	722
Topeka	Count	67	67	67	67	67	67	67	66	68	68	66
	Volumes (Ccf)	16,020	26,516	57,157	48,344	39,598	29,833	11,990	4,145	3,351	2,665	4,352
Wichita	Count	145	147	146	145	147	146	148	144	151	146	144
	Volumes (Ccf)	47,527	59,615	131,236	105,847	73,385	59,551	24,069	10,013	7,882	8,495	10,075
Total	Count	488	493	488	488	489	488	490	485	493	486	480
	Volumes (Ccf)	148,751	217,631	449,771	387,068	304,775	218,494	112,388	48,609	33,696	31,963	43,003
Grand Total	Count	133,402	133,874	134,642	134,470	134,829	134,831	135,265	133,957	134,700	134,168	132,793
	Volumes (Ccf)	10,015,558	14,440,218	32,471,141	26,758,327	19,475,620	16,381,766	6,847,806	2,783,563	2,359,237	2,262,131	2,454,972

Atmos Energy Corporation., Kansas Division
Monthly Volume and Count by Class
April 2010 - March 2019

		Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
TIER 1							
RESIDENTIAL GAS CUSTOMERS							
Dodge City	Count	11,242	11,321	11,321	11,390	11,381	11,427
	Volumes (Ccf)	211,186	745,723	1,427,909	1,545,823	1,729,951	1,686,494
KC	Count	91,263	91,334	91,614	91,658	91,788	92,069
	Volumes (Ccf)	1,963,500	6,994,345	13,296,988	14,252,545	17,533,381	15,849,455
Topeka	Count	5,174	5,198	5,197	5,195	5,215	5,199
	Volumes (Ccf)	111,564	353,807	594,472	650,603	770,676	685,291
Wichita	Count	16,789	16,935	16,748	17,093	17,088	17,102
	Volumes (Ccf)	275,016	1,055,059	2,122,454	2,298,500	2,635,442	2,501,205
Total	Count	124,468	124,788	124,880	125,336	125,472	125,797
	Volumes (Ccf)	2,561,266	9,148,934	17,441,823	18,747,470	22,669,451	20,722,446
COMMERCIAL GAS CUSTOMERS							
Dodge City	Count	1,456	1,462	1,472	1,496	1,484	1,498
	Volumes (Ccf)	155,417	353,441	567,922	595,010	662,930	647,774
KC	Count	5,325	5,353	5,372	5,482	5,414	5,407
	Volumes (Ccf)	607,298	1,759,484	3,728,441	3,901,491	4,828,232	4,600,492
Topeka	Count	444	455	452	462	458	454
	Volumes (Ccf)	50,076	154,670	230,462	254,855	318,993	270,407
Wichita	Count	2,110	2,120	2,150	2,189	2,165	2,161
	Volumes (Ccf)	152,618	454,406	886,701	946,739	1,113,241	1,055,360
Total	Count	9,335	9,390	9,446	9,629	9,521	9,520
	Volumes (Ccf)	965,409	2,722,002	5,413,526	5,698,095	6,923,396	6,574,034
PUBLIC AUTHORITY FIRM (CC40)							
Dodge City	Count	244	244	244	246	243	243
	Volumes (Ccf)	30,659	97,956	186,236	199,147	219,006	217,199
KC	Count	32	30	30	30	30	30
	Volumes (Ccf)	1,517	7,890	18,592	18,862	23,683	23,245
Topeka	Count	68	67	67	67	67	67
	Volumes (Ccf)	5,216	18,979	47,654	45,804	52,923	52,936
Wichita	Count	148	146	144	145	145	149
	Volumes (Ccf)	17,648	51,187	89,441	102,518	113,851	102,062
Total	Count	492	487	485	488	485	489
	Volumes (Ccf)	55,039	176,012	341,923	366,330	409,463	395,442
Grand Total	Count	134,295	134,665	134,811	135,453	135,478	135,806
	Volumes (Ccf)	3,581,714	12,046,948	23,197,272	24,811,896	30,002,310	27,691,922

Docket No. 19-ATMG-525-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-236
Page 1 of 1

REQUEST:

Please update the pension Trackers 1 and 2 from March 31, 2019 to August 31, 2019.

RESPONSE:

Please see Attachment 1 for the Pension Trackers 1 and 2 updated with actual pension expense through August 31, 2019.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-236_Att1 - Pension and Postretirement Trackers 1 and 2 as of August 31, 2019, 8 Pages.

Respondent: Laura Gillham

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Amount in Base Rates	Cumulative	Actual / Estimated Pension Expense (2)	Cumulative	Expense in Excess of (Less than) Amount In Base Rates	Cumulative
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
1	FAS 87						
2	Oct-15	\$ 38,875	\$ 38,875	\$ 36,917	\$ 36,917	\$ (1,958)	\$ (1,958)
3	Nov-15	38,875	77,750	32,390	69,307	(6,485)	(8,443)
4	Dec-15	38,875	116,625	38,117	107,425	(758)	(9,200)
5	Jan-16	38,875	155,500	33,874	141,298	(5,001)	(14,202)
6	Feb-16	38,875	194,375	33,851	175,149	(5,024)	(19,226)
7	Mar-16	33,742	228,117	36,144	211,293	2,402	(16,824)
8	Apr-16	33,742	261,859	34,527	245,820	785	(16,039)
9	May-16	33,742	295,601	37,316	283,136	3,574	(12,465)
10	Jun-16	33,742	329,343	36,609	319,745	2,867	(9,598)
11	Jul-16	33,742	363,085	33,281	353,025	(461)	(10,060)
12	Aug-16	33,742	396,827	34,559	387,585	817	(9,242)
13	Sep-16	33,742	430,569	31,517	419,102	(2,225)	(11,467)
14	Oct-16	33,742	464,311	25,471	444,573	(8,271)	(19,738)
15	Nov-16	33,742	498,053	26,773	471,346	(6,969)	(26,707)
16	Dec-16	33,742	531,795	30,206	501,552	(3,536)	(30,243)
17	Jan-17	33,742	565,537	28,968	530,520	(4,774)	(35,017)
18	Feb-17	33,742	599,279	23,684	554,204	(10,058)	(45,075)
19	Mar-17	33,742	633,021	31,114	585,318	(2,628)	(47,703)
20	Apr-17	33,742	666,763	26,700	612,017	(7,042)	(54,746)
21	May-17	33,742	700,505	31,939	643,956	(1,803)	(56,549)
22	Jun-17	33,742	734,247	29,899	673,855	(3,843)	(60,392)
23	Jul-17	33,742	767,989	29,084	702,939	(4,658)	(65,050)
24	Aug-17	33,742	801,731	29,143	732,082	(4,599)	(69,649)
25	Sep-17	33,742	835,473	27,015	759,097	(6,727)	(76,376)
26	Oct-17	33,742	869,215	19,783	778,880	(13,959)	(90,335)
27	Nov-17	33,742	902,957	19,797	798,677	(13,945)	(104,280)

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Amount in Base Rates (b)	Cumulative (c)	Actual / Estimated Pension Expense (2) (d)	Cumulative (e)	Expense in Excess of (Less than) Amount In Base Rates (f) = (d) - (b)	Cumulative (g)
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
28	Dec-17	33,742	936,699	18,317	816,994	(15,425)	(119,705)
29	Jan-18	33,742	970,441	21,617	838,611	(12,125)	(131,830)
30	Feb-18	33,742	1,004,183	20,325	858,936	(13,417)	(145,247)
31	Mar-18	33,742	1,037,925	18,599	877,535	(15,143)	(160,390)
32	Apr-18	33,742	1,071,667	18,013	895,548	(15,729)	(176,119)
33	May-18	33,742	1,105,409	22,462	918,009	(11,280)	(187,400)
34	Jun-18	33,742	1,139,151	21,073	939,082	(12,669)	(200,069)
35	Jul-18	33,742	1,172,893	20,651	959,733	(13,091)	(213,160)
36	Aug-18	33,742	1,206,635	19,902	979,635	(13,840)	(227,000)
37	Sep-18	33,742	1,240,377	18,659	998,294	(15,083)	(242,083)
38	Oct-18	33,742	1,274,119	19,142	1,017,436	(14,600)	(256,683)
39	Nov-18	33,742	1,307,861	20,059	1,037,495	(13,683)	(270,366)
40	Dec-18	33,742	1,341,603	15,414	1,052,908	(18,328)	(288,695)
41	Jan-19	33,742	1,375,345	18,687	1,071,596	(15,055)	(303,749)
42	Feb-19	33,742	1,409,087	17,392	1,088,988	(16,350)	(320,099)
43	Mar-19	33,742	1,442,829	16,741	1,105,729	(17,001)	(337,100)
44	Apr-19	33,742	1,476,571	17,475	1,123,203	(16,267)	(353,368)
45	May-19	33,742	1,510,313	19,867	1,143,071	(13,875)	(367,242)
46	Jun-19	33,742	1,544,055	20,705	1,163,776	(13,037)	(380,279)
47	Jul-19	33,742	1,577,797	21,652	1,185,428	(12,090)	(392,369)
48	Aug-19	33,742	1,611,539	19,757	1,205,184	(13,985)	(406,355)
49	Sep-19	33,742	1,645,281	18,326	1,223,511	(15,416)	(421,770)
50	Oct-19	33,742	1,679,023	18,326	1,241,837	(15,416)	(437,186)
51	Nov-19	33,742	1,712,765	18,326	1,260,163	(15,416)	(452,602)
52	Dec-19	33,742	1,746,507	18,326	1,278,490	(15,416)	(468,017)
53	Jan-20	33,742	1,780,249	18,326	1,296,816	(15,416)	(483,433)
54	Feb-20	33,742	1,813,991	18,326	1,315,142	(15,416)	(498,849)
55	Mar-20	33,742	1,847,733	18,326	1,333,468	(15,416)	(514,265)
56							
57	Amortization of FAS 87 Excess (Less Than) Funding over 3 Years (Line 55, Column g / 3)						<u>\$ (171,422)</u>

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Amount in Base Rates (b)	Cumulative (c)	Actual / Estimated Pension Expense (2) (d)	Cumulative (e)	Expense in Excess of (Less than) Amount In Base Rates (f) = (d) - (b)	Cumulative (g)
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
58	FAS 106						
59	Oct-15	\$ 31,481	\$ 31,481	\$ 3,737	\$ 3,737	\$ (27,744)	\$ (27,744)
60	Nov-15	31,481	62,962	3,296	7,033	(28,185)	(55,929)
61	Dec-15	31,481	94,443	3,862	10,895	(27,619)	(83,548)
62	Jan-16	31,481	125,924	3,437	14,332	(28,044)	(111,592)
63	Feb-16	31,481	157,405	3,435	17,767	(28,046)	(139,638)
64	Mar-16	22,896	180,301	3,674	21,441	(19,222)	(158,860)
65	Apr-16	22,896	203,197	3,500	24,940	(19,396)	(178,257)
66	May-16	22,896	226,093	3,783	28,723	(19,113)	(197,370)
67	Jun-16	22,896	248,989	3,714	32,438	(19,182)	(216,551)
68	Jul-16	22,896	271,885	3,387	35,825	(19,509)	(236,060)
69	Aug-16	22,896	294,781	3,530	39,354	(19,366)	(255,427)
70	Sep-16	22,896	317,677	3,234	42,588	(19,662)	(275,089)
71	Oct-16	22,896	340,573	4,084	46,672	(18,812)	(293,901)
72	Nov-16	22,896	363,469	4,293	50,964	(18,603)	(312,505)
73	Dec-16	22,896	386,365	4,812	55,777	(18,084)	(330,589)
74	Jan-17	22,896	409,261	4,625	60,401	(18,271)	(348,860)
75	Feb-17	22,896	432,157	3,803	64,204	(19,093)	(367,953)
76	Mar-17	22,896	455,053	4,960	69,164	(17,936)	(385,889)
77	Apr-17	22,896	477,949	4,259	73,424	(18,637)	(404,525)
78	May-17	22,896	500,845	5,086	78,509	(17,810)	(422,336)
79	Jun-17	22,896	523,741	4,766	83,275	(18,130)	(440,466)
80	Jul-17	22,896	546,637	4,659	87,934	(18,237)	(458,703)
81	Aug-17	22,896	569,533	4,772	92,706	(18,124)	(476,827)
82	Sep-17	22,896	592,429	4,392	97,098	(18,504)	(495,331)
83	Oct-17	22,896	615,325	(8,731)	88,367	(31,627)	(526,958)
84	Nov-17	22,896	638,221	(8,736)	79,631	(31,632)	(558,590)
85	Dec-17	22,896	661,117	(8,068)	71,563	(30,964)	(589,554)
86	Jan-18	22,896	684,013	(9,574)	61,990	(32,470)	(622,023)
87	Feb-18	22,896	706,909	(9,056)	52,934	(31,952)	(653,975)
88	Mar-18	22,896	729,805	(8,431)	44,503	(31,327)	(685,302)
89	Apr-18	22,896	752,701	(7,979)	36,524	(30,875)	(716,177)
90	May-18	22,896	775,597	(9,958)	26,566	(32,854)	(749,031)

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Amount in Base		Actual /	Cumulative	Expense in		
		Rates	Cumulative	Estimated Pension Expense (2)		Excess of (Less than) Amount In Base Rates	Cumulative	
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)	
91	Jun-18	22,896	798,493	(9,371)	17,195	(32,267)	(781,298)	
92	Jul-18	22,896	821,389	(9,147)	8,048	(32,043)	(813,341)	
93	Aug-18	22,896	844,285	(9,571)	(1,522)	(32,467)	(845,807)	
94	Sep-18	22,896	867,181	(8,379)	(9,901)	(31,275)	(877,082)	
95	Oct-18	22,896	890,077	(11,391)	(21,293)	(34,287)	(911,370)	
96	Nov-18	22,896	912,973	(12,210)	(33,503)	(35,106)	(946,476)	
97	Dec-18	22,896	935,869	(9,644)	(43,147)	(32,540)	(979,016)	
98	Jan-19	22,896	958,765	(11,398)	(54,544)	(34,294)	(1,013,309)	
99	Feb-19	22,896	981,661	(10,618)	(65,162)	(33,514)	(1,046,823)	
100	Mar-19	22,896	1,004,557	(10,208)	(75,370)	(33,104)	(1,079,927)	
101	Apr-19	22,896	1,027,453	(10,696)	(86,065)	(33,592)	(1,113,518)	
102	May-19	22,896	1,050,349	(12,110)	(98,175)	(35,006)	(1,148,524)	
103	Jun-19	22,896	1,073,245	(12,606)	(110,781)	(35,502)	(1,184,026)	
104	Jul-19	22,896	1,096,141	(13,204)	(123,985)	(36,100)	(1,220,126)	
105	Aug-19	22,896	1,119,037	(12,041)	(136,026)	(34,937)	(1,255,063)	
106	Sep-19	22,896	1,141,933	10,706	(125,320)	(12,190)	(1,267,253)	
107	Oct-19	22,896	1,164,829	10,706	(114,613)	(12,190)	(1,279,442)	
108	Nov-19	22,896	1,187,725	10,706	(103,907)	(12,190)	(1,291,632)	
109	Dec-19	22,896	1,210,621	10,706	(93,201)	(12,190)	(1,303,822)	
110	Jan-20	22,896	1,233,517	10,706	(82,494)	(12,190)	(1,316,011)	
111	Feb-20	22,896	1,256,413	10,706	(71,788)	(12,190)	(1,328,201)	
112	Mar-20	22,896	1,279,309	10,706	(61,082)	(12,190)	(1,340,391)	
113								
114	Amortization of Excess (Less Than) Funding over 3 Years (Line 112, Column g / 3)						<u>\$ (446,797)</u>	
115								
116	Total Pension/Post Retirement Benefits Adjustment (Line 57 + Line 114)						IS-6 <u>\$ (618,219)</u>	
117								
118	Notes:							
119	1. New Pension and Post Retirement Benefits trackers were implemented in March 2016 with the Final Order from Docket 16-ATMG-079-RTS.							
120	2. The amounts are the pension expense recorded for each month except: the amount for September 2019 is a budgeted amount and the amounts for October 2019 - March 2020 have been estimated using September 2019's budgeted expense amount.							

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Total Shared Service Amount in Base Rates (b)	Cumulative Shared Services Amount in Base Rates (c)	Division 002				Division 012				Shared Services Total Actual Expense (j) = (i) + (f)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount In Base Rates (l) = (j) - (b)	Cumulative (m)
				Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated		Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated					
						Actual Expense (f) = (d) * (e)	Actual Expense (g)			Actual Expense (i) = (g) * (h)	Actual Expense (h)				
1	FAS 87														
2	Oct-15	\$ 22,567	\$ 22,567	\$ 151,630	3.84%	\$ 5,823	\$ 168,085	4.28%	\$ 7,194	\$ 13,017	\$ 13,017	\$ (9,550)	\$ (9,550)		
3	Nov-15	22,567	45,134	158,703	3.84%	6,094	165,356	4.28%	7,077	13,171	26,188	(9,396)	(18,946)		
4	Dec-15	22,567	67,701	133,945	3.84%	5,143	183,213	4.28%	7,842	12,985	39,173	(9,582)	(28,528)		
5	Jan-16	22,567	90,268	178,014	3.84%	6,836	168,592	4.28%	7,216	14,051	53,225	(8,516)	(37,043)		
6	Feb-16	22,567	112,835	158,557	3.84%	6,089	163,187	4.28%	6,984	13,073	66,298	(9,494)	(46,537)		
7	Mar-16	20,292	133,127	130,653	3.84%	5,017	180,373	4.28%	7,720	12,737	79,035	(7,555)	(54,092)		
8	Apr-16	20,292	153,419	181,173	3.84%	6,957	169,227	4.28%	7,243	14,200	93,235	(6,092)	(60,184)		
9	May-16	20,292	173,711	161,111	3.84%	6,187	164,194	4.28%	7,028	13,214	106,449	(7,078)	(67,262)		
10	Jun-16	20,292	194,003	168,137	3.84%	6,456	162,661	4.28%	6,962	13,418	119,867	(6,874)	(74,136)		
11	Jul-16	20,292	214,295	171,961	3.84%	6,603	158,773	4.28%	6,796	13,399	133,266	(6,893)	(81,029)		
12	Aug-16	20,292	234,587	150,744	3.84%	5,789	171,565	4.28%	7,343	13,132	146,397	(7,160)	(88,190)		
13	Sep-16	20,292	254,879	141,870	3.84%	5,448	179,484	4.28%	7,682	13,130	159,527	(7,162)	(95,352)		
14	Oct-16	20,292	275,171	205,904	3.91%	8,051	133,714	4.28%	5,723	13,774	173,301	(6,518)	(101,870)		
15	Nov-16	20,292	295,463	167,655	3.91%	6,555	139,209	4.28%	5,958	12,513	185,814	(7,779)	(109,649)		
16	Dec-16	20,292	315,755	176,890	3.91%	6,916	106,303	4.28%	4,550	11,466	197,281	(8,826)	(118,474)		
17	Jan-17	20,292	336,047	180,451	3.91%	7,056	117,978	4.28%	5,049	12,105	209,386	(8,187)	(126,661)		
18	Feb-17	20,292	356,339	253,495	3.91%	9,912	104,483	4.28%	4,472	14,384	223,769	(5,908)	(132,570)		
19	Mar-17	20,292	376,631	172,421	3.91%	6,742	120,827	4.28%	5,171	11,913	235,682	(8,379)	(140,949)		
20	Apr-17	20,292	396,923	199,653	3.91%	7,806	97,787	4.28%	4,185	11,992	247,674	(8,300)	(149,249)		
21	May-17	20,292	417,215	170,802	3.91%	6,678	113,235	4.28%	4,846	11,525	259,199	(8,767)	(158,016)		
22	Jun-17	20,292	437,507	181,733	3.91%	7,106	109,513	4.28%	4,687	11,793	270,992	(8,499)	(166,515)		
23	Jul-17	20,292	457,799	182,342	3.91%	7,130	102,670	4.28%	4,394	11,524	282,516	(8,768)	(175,283)		
24	Aug-17	20,292	478,091	175,946	3.91%	6,879	111,305	4.28%	4,764	11,643	294,159	(8,649)	(183,932)		
25	Sep-17	20,292	498,383	188,553	3.91%	7,372	103,973	4.28%	4,450	11,822	305,981	(8,470)	(192,402)		
26	Oct-17	20,292	518,675	169,335	3.83%	6,486	83,617	4.29%	3,587	10,073	316,054	(10,219)	(202,621)		
27	Nov-17	20,292	538,967	171,711	3.83%	6,577	82,101	4.29%	3,522	10,099	326,153	(10,193)	(212,814)		
28	Dec-17	20,292	559,259	182,637	3.83%	6,995	81,852	4.29%	3,511	10,506	336,659	(9,786)	(222,600)		
29	Jan-18	20,292	579,551	163,432	3.83%	6,259	92,231	4.29%	3,957	10,216	346,875	(10,076)	(232,676)		
30	Feb-18	20,292	599,843	178,846	3.83%	6,850	78,522	4.29%	3,369	10,218	357,094	(10,074)	(242,749)		
31	Mar-18	20,292	620,135	164,155	3.83%	6,287	88,732	4.29%	3,807	10,094	367,187	(10,198)	(252,948)		
32	Apr-18	20,292	640,427	178,117	3.83%	6,822	82,030	4.29%	3,519	10,341	377,528	(9,951)	(262,899)		
33	May-18	20,292	660,719	163,467	3.83%	6,261	86,736	4.29%	3,721	9,982	387,510	(10,310)	(273,209)		
34	Jun-18	20,292	681,011	175,257	3.83%	6,712	79,614	4.29%	3,415	10,128	397,638	(10,164)	(283,373)		
35	Jul-18	20,292	701,303	174,970	3.83%	6,701	81,824	4.29%	3,510	10,212	407,849	(10,080)	(293,454)		
36	Aug-18	20,292	721,595	169,967	3.83%	6,510	81,660	4.29%	3,503	10,013	417,862	(10,279)	(303,733)		
37	Sep-18	20,292	741,887	186,463	3.83%	7,142	72,313	4.29%	3,102	10,244	428,106	(10,048)	(313,781)		
38	Oct-18	20,292	762,179	45,374	3.72%	1,688	85,950	4.29%	3,687	5,375	433,481	(14,917)	(328,698)		
39	Nov-18	20,292	782,471	62,630	3.72%	2,330	85,807	4.29%	3,681	6,011	439,492	(14,281)	(342,979)		
40	Dec-18	20,292	802,763	122,920	3.72%	4,573	80,925	4.29%	3,472	8,044	447,537	(12,248)	(355,226)		
41	Jan-19	20,292	823,055	72,108	3.72%	2,682	91,071	4.29%	3,907	6,589	454,126	(13,703)	(368,929)		

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Total Shared Service Amount in Base Rates (b)	Cumulative Shared Services Amount in Base Rates (c)	Division 002			Division 012			Shared Services Total Actual Expense (j) = (i) + (f)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount In Base Rates (l) = (j) - (b)	Cumulative (m)	
				Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (f) = (d) * (e)	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (i) = (g) * (h)					
				(d)	(e)	(f)	(g)	(h)	(i)					
42	Feb-19	20,292	843,347	83,298	3.72%	3,099	76,797	4.29%	3,295	6,393	460,519	(13,899)	(382,828)	
43	Mar-19	20,292	863,639	76,603	3.72%	2,850	81,887	4.29%	3,513	6,363	466,882	(13,929)	(396,757)	
44	Apr-19	20,292	883,931	66,244	3.72%	2,464	86,566	4.29%	3,714	6,178	473,060	(14,114)	(410,871)	
45	May-19	20,292	904,223	80,448	3.72%	2,993	88,633	4.29%	3,802	6,795	479,855	(13,497)	(424,368)	
46	Jun-19	20,292	924,515	89,856	3.72%	3,343	77,946	4.29%	3,344	6,687	486,541	(13,605)	(437,974)	
47	Jul-19	20,292	944,807	74,295	3.72%	2,764	87,155	4.29%	3,739	6,503	493,044	(13,789)	(451,763)	
48	Aug-19	20,292	965,099	78,830	3.72%	2,932	84,072	4.29%	3,607	6,539	499,583	(13,753)	(465,516)	
49	Sep-19	20,292	985,391	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	510,275	(9,601)	(475,116)	
50	Oct-19	20,292	1,005,683	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	520,966	(9,601)	(484,717)	
51	Nov-19	20,292	1,025,975	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	531,657	(9,601)	(494,318)	
52	Dec-19	20,292	1,046,267	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	542,348	(9,601)	(503,919)	
53	Jan-20	20,292	1,066,559	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	553,040	(9,601)	(513,519)	
54	Feb-20	20,292	1,086,851	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	563,731	(9,601)	(523,120)	
55	Mar-20	20,292	1,107,143	167,394	3.72%	6,227	104,061	4.29%	4,464	10,691	574,422	(9,601)	(532,721)	
56														
57	Amortization of FAS 87 Excess (Less Than) Funding over 3 Years (Line 55, Column m / 3)											<u>\$ (177,574)</u>		

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Total Shared Service Amount in Base Rates (b)	Cumulative Shared Services Amount in Base Rates (c)	Division 002			Division 012			Shared Services Total Expense (j) = (i) + (f)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount In Base Rates	
				Actual / Estimated Pension Expense (2) (d)	Allocation Factor (3) (e)	Allocated Actual Expense (f) = (d) * (e)	Actual / Estimated Pension Expense (2) (g)	Allocation Factor (3) (h)	Allocated Actual Expense (i) = (g) * (h)			Expense in Excess of (Less than) Amount In Base Rates (l) = (j) - (b)	Cumulative (m)
58	FAS 106												
59	Oct-15	\$ 15,415	\$ 15,415	\$ 94,261	3.84%	\$ 3,620	\$ 88,585	4.28%	\$ 3,791	\$ 7,411	\$ 7,411	\$ (8,004)	\$ (8,004)
60	Nov-15	15,415	30,830	97,531	3.84%	3,745	87,147	4.28%	3,730	7,475	14,886	(7,940)	(15,944)
61	Dec-15	15,415	46,245	83,292	3.84%	3,198	96,558	4.28%	4,133	7,331	22,217	(8,084)	(24,028)
62	Jan-16	15,415	61,660	98,216	3.84%	3,771	88,852	4.28%	3,803	7,574	29,792	(7,841)	(31,868)
63	Feb-16	15,415	77,075	96,910	3.84%	3,721	86,004	4.28%	3,681	7,402	37,194	(8,013)	(39,881)
64	Mar-16	14,058	91,133	81,754	3.84%	3,139	95,062	4.28%	4,069	7,208	44,402	(6,850)	(46,731)
65	Apr-16	14,058	105,191	93,836	3.84%	3,603	89,187	4.28%	3,817	7,421	51,822	(6,637)	(53,369)
66	May-16	14,058	119,249	95,071	3.84%	3,651	86,535	4.28%	3,704	7,354	59,177	(6,704)	(60,072)
67	Jun-16	14,058	133,307	97,543	3.84%	3,746	85,726	4.28%	3,669	7,415	66,592	(6,643)	(66,715)
68	Jul-16	14,058	147,365	104,605	3.84%	4,017	83,678	4.28%	3,581	7,598	74,190	(6,460)	(73,175)
69	Aug-16	14,058	161,423	97,590	3.84%	3,747	90,419	4.28%	3,870	7,617	81,807	(6,441)	(79,616)
70	Sep-16	14,058	175,481	94,800	3.84%	3,640	94,593	4.28%	4,049	7,689	89,496	(6,369)	(85,985)
71	Oct-16	14,058	189,539	104,040	3.91%	4,068	91,371	4.28%	3,911	7,979	97,475	(6,079)	(92,064)
72	Nov-16	14,058	203,597	79,072	3.91%	3,092	95,126	4.28%	4,071	7,163	104,638	(6,895)	(98,959)
73	Dec-16	14,058	217,655	80,318	3.91%	3,140	72,641	4.28%	3,109	6,249	110,887	(7,809)	(106,768)
74	Jan-17	14,058	231,713	102,457	3.91%	4,006	80,618	4.28%	3,450	7,457	118,344	(6,601)	(113,369)
75	Feb-17	14,058	245,771	88,515	3.91%	3,461	71,397	4.28%	3,056	6,517	124,861	(7,541)	(120,910)
76	Mar-17	14,058	259,829	75,789	3.91%	2,963	82,565	4.28%	3,534	6,497	131,358	(7,561)	(128,471)
77	Apr-17	14,058	273,887	94,816	3.91%	3,707	66,821	4.28%	2,860	6,567	137,925	(7,491)	(135,962)
78	May-17	14,058	287,945	77,263	3.91%	3,021	77,377	4.28%	3,312	6,333	144,258	(7,725)	(143,687)
79	Jun-17	14,058	302,003	85,259	3.91%	3,334	74,834	4.28%	3,203	6,537	150,794	(7,521)	(151,209)
80	Jul-17	14,058	316,061	88,207	3.91%	3,449	70,158	4.28%	3,003	6,452	157,246	(7,606)	(158,815)
81	Aug-17	14,058	330,119	81,396	3.91%	3,183	76,058	4.28%	3,255	6,438	163,684	(7,620)	(166,435)
82	Sep-17	14,058	344,177	90,444	3.91%	3,536	71,048	4.28%	3,041	6,577	170,261	(7,481)	(173,916)
83	Oct-17	14,058	358,235	103,050	3.83%	3,947	60,813	4.29%	2,609	6,556	176,817	(7,502)	(181,418)
84	Nov-17	14,058	372,293	104,742	3.83%	4,012	59,709	4.29%	2,562	6,573	183,390	(7,485)	(188,903)
85	Dec-17	14,058	386,351	107,535	3.83%	4,119	59,529	4.29%	2,554	6,672	190,062	(7,386)	(196,289)
86	Jan-18	14,058	400,409	96,555	3.83%	3,698	67,077	4.29%	2,878	6,576	196,638	(7,482)	(203,771)
87	Feb-18	14,058	414,467	110,108	3.83%	4,217	57,107	4.29%	2,450	6,667	203,305	(7,391)	(211,162)
88	Mar-18	14,058	428,525	98,949	3.83%	3,790	64,532	4.29%	2,768	6,558	209,863	(7,500)	(218,662)
89	Apr-18	14,058	442,583	106,398	3.83%	4,075	59,658	4.29%	2,559	6,634	216,497	(7,424)	(226,086)
90	May-18	14,058	456,641	98,889	3.83%	3,787	63,081	4.29%	2,706	6,494	222,991	(7,564)	(233,650)
91	Jun-18	14,058	470,699	107,116	3.83%	4,103	57,901	4.29%	2,484	6,587	229,578	(7,471)	(241,121)
92	Jul-18	14,058	484,757	105,725	3.83%	4,049	59,508	4.29%	2,553	6,602	236,180	(7,456)	(248,577)
93	Aug-18	14,058	498,815	102,027	3.83%	3,908	59,389	4.29%	2,548	6,455	242,635	(7,603)	(256,180)
94	Sep-18	14,058	512,873	113,607	3.83%	4,351	52,592	4.29%	2,256	6,607	249,242	(7,451)	(263,631)
95	Oct-18	14,058	526,931	63,915	3.72%	2,378	68,123	4.29%	2,922	5,300	254,543	(8,758)	(272,388)
96	Nov-18	14,058	540,989	68,800	3.72%	2,559	68,010	4.29%	2,918	5,477	260,020	(8,581)	(280,969)
97	Dec-18	14,058	555,047	70,131	3.72%	2,609	64,140	4.29%	2,752	5,361	265,380	(8,697)	(289,667)
98	Jan-19	14,058	569,105	64,632	3.72%	2,404	72,182	4.29%	3,097	5,501	270,881	(8,557)	(298,224)
99	Feb-19	14,058	583,163	72,723	3.72%	2,705	60,868	4.29%	2,611	5,317	276,198	(8,741)	(306,965)

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Line No.	Month / Year (1)	Total Shared Service Amount in Base Rates (b)	Cumulative Shared Services Amount in Base Rates (c)	Division 002			Division 012			Shared Services Total Actual Expense (j)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount In Base Rates (l) = (j) - (b)	Cumulative (m)
				Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (f) = (d) * (e)	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (i) = (g) * (h)				
100	Mar-19	14,058	597,221	67,402	3.72%	2,507	64,903	4.29%	2,784	5,292	281,489	(8,766)	(315,732)
101	Apr-19	14,058	611,279	66,465	3.72%	2,473	68,611	4.29%	2,943	5,416	286,905	(8,642)	(324,374)
102	May-19	14,058	625,337	63,500	3.72%	2,362	70,250	4.29%	3,014	5,376	292,281	(8,682)	(333,056)
103	Jun-19	14,058	639,395	78,071	3.72%	2,904	61,779	4.29%	2,650	5,555	297,836	(8,503)	(341,559)
104	Jul-19	14,058	653,453	68,231	3.72%	2,538	69,078	4.29%	2,963	5,502	303,337	(8,556)	(350,116)
105	Aug-19	14,058	667,511	69,111	3.72%	2,571	66,635	4.29%	2,859	5,430	308,767	(8,628)	(358,744)
106	Sep-19	14,058	681,569	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	316,256	(6,569)	(365,313)
107	Oct-19	14,058	695,627	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	323,745	(6,569)	(371,882)
108	Nov-19	14,058	709,685	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	331,234	(6,569)	(378,451)
109	Dec-19	14,058	723,743	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	338,723	(6,569)	(385,020)
110	Jan-20	14,058	737,801	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	346,213	(6,569)	(391,588)
111	Feb-20	14,058	751,859	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	353,702	(6,569)	(398,157)
112	Mar-20	14,058	765,917	117,258	3.72%	4,362	72,894	4.29%	3,127	7,489	361,191	(6,569)	(404,726)

113

114 Amortization of Excess (Less Than) Funding over 3 Years (Line 112, Column m / 3)

\$ (134,909)

115

116 Total Pension/Post Retirement Benefits Adjustment (Line 57 + Line 114)

\$ (312,483)

117

IS-6

118 Notes:

- 119 1. New Pension and Post Retirement Benefits trackers were implemented in March 2016 with the Final Order from Docket 16-ATMG-079-RTS.
 2.2. The amounts are the pension expense recorded for each month except: the amount for September 2019 is a budgeted amount and the amounts for October 2019 -
 120 March 2020 have been estimated using September 2019's budgeted expense amount.
 121 3. The allocation factors for the period October 2019 - March 2020 are based on fiscal year 2019.

Docket No. 19-ATMG-525-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-300
Page 1 of 2

REQUEST:

On page 80 of Atmos' 2018 10K, it is stated that during the 2018 fiscal year there was a Total Stock Based Compensation cost of \$23.9 million with a tax benefit of \$2.3 million

- a) Please provide all of the Total Stock Based Compensation cost recorded by Atmos during the test year, by FERC Account, by Atmos Division.
- b) Please provide the portion of Total Stock Based Compensation expense (from item a above) that is included in Atmos' filed Revenue Requirement in this rate case, by FERC account, by Division.
- c) Were these tax benefits associated with stock based compensation reflected by Atmos in the revenue requirement? If yes, please provide identify how these tax benefits have been reflected in the revenue requirement. If not, please explain why these tax benefits were not reflected in Atmos' revenue requirement.
- d) For the tax benefits associated with Total Stock Based Compensation incurred during the test year (from item a above), please identify where the tax benefits were recorded, by FERC Account, by Atmos Division.
- e) Is the 'tax benefit' referred to in the Fiscal 2018 10K stated in terms of a reduction to deferred tax expense? If not, please identify specifically what this "tax benefit" refers to.

RESPONSE:

- a) Please see Attachment 1, which includes the stock-based compensation (LTIP) recorded to Shared Services, the Colorado/Kansas Division Office and Kansas Direct for the test year. This is the same attachment provided in the Company's response to Staff DR No. 180 but with the allocation to Kansas included.
- b) Please see Attachment 1, which includes both the stock-based compensation (LTIP) and VPP/MIP that was charged to Kansas and included in the revenue requirement for the test year.
- c) For tax purposes, the Internal Revenue Code allows the deduction for stock based compensation when the stock vests. For book purposes, expense is recorded to the Company's financial statements during the vesting period. A temporary tax adjustment is recorded for the difference in timing between when the deduction is allowed for book purposes and for tax purposes.

Docket No. 19-ATMG-525-RTS
Atmos Energy Corporation, Kansas Division
Staff DR Set No. 1
Question No. 1-300
Page 2 of 2

The permanent tax benefits associated with stock based compensation and described in the Company's 10K result from appreciation in the value of restricted stock from the time it is granted to the time it vests. For book purposes, expense in the amount of the value of the stock at the time it is granted is allowed. For tax purposes, the Company deducts the value of the stock at the time the vesting period ends and it is released to the employee.

The temporary tax adjustments are included in the revenue requirement as ADIT adjustments to rate base. The permanent adjustment is not included in the revenue requirement. The amount of permanent tax benefit the Company recorded for Kansas operations was \$95,420. The Company computes tax expense in the revenue requirement using the federal and state statutory rates.

d) Please see Attachment 2 for the tax benefit recorded by division. All amounts were recorded to deferred income tax, account 4101.

e) Yes.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-300_Att1 - Incentive Compensation with KS Allocation.xlsx, 1 Page.

ATTACHMENT 2 - Atmos Energy Corporation, Staff_1-300_Att2 - Restricted Stock Benefit.xls, 1 Page.

Respondents: Laura Gillham and Jennifer Story

Atmos Energy Corporation
 Incentive Compensation
 For the Twelve Months Ended March 31, 2019

Division	Division Description	Account	Account Description	Sub Account	Sub Account Description	Twelve Months Ended March 2019		KS Alloc Factor	Allocation to Kansas
002	Shared Services General Office	9260	A&G-Employee pensions and benefits	07452	Variable Pay & Mgmt Incentive Plans	14,260,937	Gross	3.72%	530,507
						(4,531,916)	Capitalized OH	3.72%	(168,587)
						9,729,021	Net Expense		361,920

Division	Division Description	Account	Account Description	Sub Account	Sub Account Description	Twelve Months Ended March 2019		KS Alloc Factor	Allocation to Kansas
002	Shared Services General Office	9260	A&G-Employee pensions and benefits	07458	Restricted Stock - Long Term Incentive Plan - Performance Based	6,224,589		3.72%	231,555
002	Shared Services General Office	9260	A&G-Employee pensions and benefits	07460	RSU-Long Term Incentive Plan - Time Lapse	5,156,043		3.72%	191,805
002	Shared Services General Office	9260	A&G-Employee pensions and benefits	07463	RSU-Management Incentive Plan	406,744		3.72%	15,131
						11,787,375	Gross		438,490
						(6,076,809)	Capitalized OH	3.72%	(226,057)
						5,710,567	Net Expense		212,433

Division	Division Description	Account	Account Description	Sub Account	Sub Account Description	Twelve Months Ended March 2019		KS Alloc Factor	Allocation to Kansas
012	Customer Support	9260	A&G-Employee pensions and benefits	07458	Restricted Stock - Long Term Incentive Plan - Performance Based	155,626		4.29%	6,676
012	Customer Support	9260	A&G-Employee pensions and benefits	07460	RSU-Long Term Incentive Plan - Time Lapse	115,193		4.29%	4,942
012	Customer Support	9260	A&G-Employee pensions and benefits	07463	RSU-Management Incentive Plan	20,588		4.29%	883
						291,406	Gross		12,501
						(30,094)	Capitalized OH	4.29%	(1,291)
						261,313	Net Expense		11,210

Division	Division Description	Account	Account Description	Sub Account	Sub Account Description	Twelve Months Ended March 2019		KS Alloc Factor	Allocation to Kansas
030	COKS/Denver Company Office	9260	A&G-Employee pensions and benefits	07452	Variable Pay & Mgmt Incentive Plans	2,002,611	Gross	55.66%	1,114,653
030	COKS/Denver Company Office	9260	A&G-Employee pensions and benefits	07454	VPP & MIP - Capital Credit	(1,092,566)	Capitalized	55.66%	(608,122)
						910,045	Net Expense		506,531

Division	Division Description	Account	Account Description	Sub Account	Sub Account Description	Twelve Months Ended March 2019		KS Alloc Factor	Allocation to Kansas
030	COKS/Denver Company Office	9260	A&G-Employee pensions and benefits	07458	Restricted Stock - Long Term Incentive Plan - Performance Based	162,490		55.66%	90,442
030	COKS/Denver Company Office	9260	A&G-Employee pensions and benefits	07460	RSU-Long Term Incentive Plan - Time Lapse	124,149		55.66%	69,102
030	COKS/Denver Company Office	9260	A&G-Employee pensions and benefits	07463	RSU-Management Incentive Plan	7,358		55.66%	4,096
						293,998	Gross		163,639
						(146,346)	Capitalized	55.66%	(81,456)
						147,652	Net Expense		82,183

Division	Division Description	Account	Account Description	Sub Account	Sub Account Description	Twelve Months Ended March 2019		KS Alloc Factor	Allocation to Kansas
081	Kansas ADM	9260	A&G-Employee pensions and benefits	07458	Restricted Stock - Long Term Incentive Plan - Performance Based	26,016		100%	26,016
081	Kansas ADM	9260	A&G-Employee pensions and benefits	07460	RSU-Long Term Incentive Plan - Time Lapse	22,815		100%	22,815
						48,831	Gross		48,831
						(16,484)	Capitalized	100%	(16,484)
						32,347	Net Expense		32,347

Note 1: Both VPP and MIP are recorded to subaccount 07452.

Note 2: The Long-Term Incentive Plan (LTIP) amounts are the restricted stock subaccounts 07458, 07460, 07463 and 07450 above.

Note 3: There were no VPP/MIP amounts directly recorded to divisions 012 and 081.

Total VPP/MIP Net Expense Direct and Allocated to Kansas for Test Year	868,451
Total VPP/MIP Capitalized Direct and Allocated to Kansas for Test Year	776,710
Total VPP/MIP Gross Direct and Allocated to Kansas for Test Year	1,645,160

Total Restricted Stock (LTIP) Net Expense Direct and Allocated to Kansas for Test Year	338,173
Total Restricted Stock (LTIP) Capitalized Direct and Allocated to Kansas for Test Year	325,289
Total Restricted Stock (LTIP) Gross Direct and Allocated to Kansas for Test Year	663,462

Atmos Energy Corporation
 9/30/18 Restricted Stock Benefit

Stock Based Compensation

Tax Benefit recorded 9/30/18

Atmos		Colorado	CO/KS Gen Office	Kansas	LA Gen Office	LA - LGS	LA - TransLA	WTX Gen Office	West TX	West TX	West TX	Georgia	KY/Mid St Gen Office	Tennessee	Virginia	Kentucky	Mississippi	Mississippi	Mid TX	APT
Consolidated	Utility	031DIV	030DIV	081DIV	107DIV	077DIV	007DIV	010DIV	008DIV	019DIV	005DIV	095DIV	091DIV	093DIV	096DIV	009DIV	172DIV	170DIV	190DIV	700DIV
(2,313,564)	(2,313,564)	(61,901)	462	(95,420)	381	(163,110)	(50,813)	537	(36)	(14,815)	(173,778)	224	407	(107,739)	(23,151)	(111,508)	(3,001)	(169,822)	(934,217)	(406,262)

Total Tax Benefit recorded per Atmos 2018 10k

CERTIFICATE OF SERVICE

19-ATMG-525-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 31st day of October, 2019, to the following:

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