

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Application of Atmos     )  
Energy for an Order to Permit the Company     )     Docket No. 03-ATMG-539-TAR  
Establish Rates for a Weather Normalization)  
Adjustment.     )

**NOTICE OF FILING OF STAFF REPORT AND RECOMMENDATION**

COMES NOW the Staff of the State Corporation Commission of the State of Kansas  
("Staff" and "Commission", respectively), and for its Notice of Filing of Staff Report and  
Recommendation states as follows:

Staff hereby files the attached Report and Recommendation dated July 26, 2017, jointly  
prepared by Darren Prince, Lana Ellis, Robert Glass, and Jeff McClanahan, the Commission's  
Senior Research Economist, Deputy Chief of Economics and Rates, Chief of Economics and  
Rates, and Utilities Director, respectively, providing Staff's analysis and recommendation  
regarding Atmos Energy's Weather Normalization Adjustment (WNA) Factor calculation for  
2017-2018.

WHEREFORE, Staff presents its Report and Recommendation for the record and the  
Commission's information.

Respectfully submitted,



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Otto A. Newton #08760  
Litigation Counsel  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027  
(785) 271-3157 (Telephone)  
For the Commission Staff

**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chairman Pat Apple  
Commissioner Shari Feist Albrecht  
Commissioner Jay Scott Emler

**FROM:** Darren Prince, Senior Research Economist  
Lana Ellis, Deputy Chief of Economics and Rates  
Robert Glass, Chief of Economics and Rates  
Jeff McClanahan, Director of Utilities

**DATE:** July 26, 2017

**SUBJECT:** Docket No. 03-ATMG-539-TAR: *In the Matter of the Application of Atmos Energy for an Order to Permit the Company Establish Rates for a Weather Normalization Adjustment.*

**EXECUTIVE SUMMARY:**

On July 18, 2017, Atmos Energy (Atmos) filed its report detailing the calculation of its Weather Normalization Adjustment (WNA) Factor for 2017-2018. Atmos' WNA program was approved by the Commission in Docket No. 03-ATMG-539-RTS. Pursuant to Atmos' WNA Tariff Rider, Atmos must file a report with the Commission by July 15 of each year showing the calculation of the WNA Factor of the WNA calculation period. Staff has reviewed Atmos' WNA Factor calculations and finds them to be accurate at this time. The new WNA factor will begin the first billing cycle in August. No Commission action is required at this time.

**BACKGROUND:**

On July 18, 2017, Atmos filed a report for review and approval of its proposed WNA Factor of \$0.03271 per Ccf.<sup>1</sup> To calculate the WNA Factor, Atmos utilizes monthly Heating Degree Days (HDDs) derived using temperature data obtained from the National Oceanic & Atmospheric

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<sup>1</sup> On May 27, 2003, the Commission issued its Order Granting Joint Motion and Approving Stipulation and Agreement in this Docket, approving a WNA mechanism and WNA rider for Atmos. Atmos' WNA Rider requires that Atmos file a report with the Commission by July 15 of each year, detailing the calculations deriving the WNA Factor.

Administration (NOAA) for twelve weather stations<sup>2</sup> located in Atmos' service territory.<sup>3</sup> Atmos also uses heat sensitivity factors (HSF) and volumetric rates approved in Atmos' most recent rate case, Docket No. 14-ATMG-320-RTS (14-320 Docket). The calculation period is October through May and the collection period is the subsequent twelve month period August through July.

**ANALYSIS:**

Atmos' 2017-2018 calculations resulted in a revenue deficiency of \$3,642,918<sup>4</sup>. Subtracting \$36,244<sup>5</sup> from the revenue deficiency for reconciliation to actual billing, provides the net revenue deficiency of \$3,606,673<sup>6</sup>. Dividing \$3,606,673 by current year usage, 110,254,279<sup>7</sup> Ccf, determines Atmos' new WNA Factor, which is a surcharge of \$0.03271<sup>8</sup> per Ccf.

**RECOMMENDATION:**

After reviewing Atmos' WNA Factor filing, Staff finds that the calculations are accurate and the new WNA Factor surcharge of \$0.03271 per Ccf is appropriate to begin billing. No Commission action is required at this time.

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<sup>2</sup> Anthony, Chanute, Council Grove Lake, Independence, KC Downtown AP, Lawrence, Leavenworth, Marion Lake, Ness City, Sedan, Syracuse, Ulysses.

<sup>3</sup> HDDs measure how much colder the average daily temperature was compared to a threshold temperature typically 65 degrees, the temperature at which a building would need to be heated.

<sup>4</sup> Atmos Energy Corporation, Kansas Weather Normalization Adjustment Program, Final Reporting: Weather Normalization Revenues Reconciliation, Revenue Collection Period June 2016 thru July 2017 (estimated for July 2017), filed with "Atmos Energy's Report Showing the Calculation of the WNA Factor in its Weather Normalization Adjustment Program," on July 18, 2017.

<sup>5</sup> Id

<sup>6</sup> Id

<sup>7</sup> Id

<sup>8</sup> Id

## CERTIFICATE OF SERVICE

03-ATMG-539-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff Report and Recommendation was served by electronic service on this 8th day of August, 2017, to the following:

JAMES G. FLAHERTY, ATTORNEY  
ANDERSON & BYRD, L.L.P.  
216 S HICKORY  
PO BOX 17  
OTTAWA, KS 66067  
Fax: 785-242-1279  
jflaherty@andersonbyrd.com

JENNIFER G. RIES, VICE PRESIDENT, RATES AND  
REGULATORY AFFAIRS-COLORADO/KANSAS  
ATMOS ENERGY CORPORATION  
1555 BLAKE ST STE 400  
DENVER, CO 80202  
jennifer.ries@atmosenergy.com

THOMAS J. CONNORS, ATTORNEY AT LAW  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3116  
tj.connors@curb.kansas.gov

TODD E. LOVE, ATTORNEY  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3116  
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
Fax: 785-271-3116  
d.nickel@curb.kansas.gov

OTTO NEWTON, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD ROAD  
TOPEKA, KS 66604  
Fax: 785-271-3167  
o.newton@kcc.ks.gov  
\*\*\*Hand Delivered\*\*\*

/s/Pamela Griffeth

Pamela Griffeth  
Administrative Specialist