

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

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF ATMOS ENERGY CORPORATION</b>	)	<b>Docket No.</b>
<b>FOR REVIEW AND ADJUSTMENT OF ITS</b>	)	<b>26-ATMG-<u>026</u>-RTS</b>
<b>NATURAL GAS RATES</b>	)	

**DIRECT TESTIMONY OF GREGORY K. WALLER**

**JULY 25, 2025**

**SUBMITTED ON BEHALF OF  
ATMOS ENERGY CORPORATION**

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### **EXHIBIT**

Exhibit GKW-1 – Regulatory Proceeding Experience

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Gregory K. Waller. My business address is 5420 LBJ Freeway, 1600  
4 Lincoln Centre, Dallas, TX 75240.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Atmos Energy Corporation (“Atmos Energy” or “the Company”)  
7 as Director of Rates & Regulatory Affairs (Shared Services). I am responsible for  
8 leading and directing the rates and regulatory activity in Atmos Energy’s eight-state  
9 service area. This responsibility includes developing the strategy, preparing the  
10 revenue deficiency filings, and managing the overall ratemaking process for the  
11 Company. My responsibilities include execution of applications for changes to  
12 rates and tariffs as part of traditional rate cases, tariff language change proposals,  
13 and annual ratemaking mechanisms that the Company files in the eight states in  
14 which it has regulated operations.

15 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
16 **PROFESSIONAL EXPERIENCE.**

17 A. I received a Bachelor of Arts degree in economics from Dartmouth College in 1994  
18 and an MBA degree from the University of Texas in 2000. I worked as a  
19 management consultant from 1994 to 2003 at Harbor Research in Boston, MA  
20 (1994-1996) and Towers Perrin in Dallas, TX (1997-2003). I joined Atmos Energy  
21 in 2003 and was named Vice President of Finance for the Kentucky/Mid-States  
22 Division in 2005. From 2012 to 2020, I was Manager, Rates and Regulatory Affairs  
23 in Atmos Energy’s Shared Services Division. From 2020 – 2022, I was a Director

1 at ScottMadden, an energy and regulatory focused management consulting firm and  
2 from 2022 – May 2024, I was Director, Regulatory Shared Services at Liberty  
3 Utilities. I returned to Atmos Energy and assumed my current role in June 2024.

4 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS**  
5 **CORPORATION COMMISSION (“COMMISSION” OR “KCC”) OR**  
6 **OTHER REGULATORY ENTITIES?**

7 A. I have not previously testified before the Commission. I have filed testimony in  
8 numerous proceedings before regulatory bodies in 7 other states. For a complete  
9 list of my regulatory proceeding experience, please see Exhibit GWK-1.

10 **II. PURPOSE OF TESTIMONY**

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. My testimony has multiple purposes: (1) to present the Company’s revenue  
13 requirements model, which supports the increase in base rate revenues the  
14 Company is proposing in this proceeding, and address and sponsor the  
15 Commission's minimum filing requirements (“MFRs”) schedules contained in the  
16 rate case application; (2) to describe and support the Company’s proposed  
17 adjustments to the revenue requirement related to rate base; (3) to support and  
18 describe various adjustments to the revenue requirement related to operations and  
19 maintenance (“O&M”) expense, ad valorem taxes, interest on customer deposits,  
20 normalization of income taxes and pension/post-retirement benefits expense; and  
21 (4) to support the calculation of depreciation expense at year end plant.

22 **Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR TESTIMONY?**

23 A. Yes. Exhibit GWK-1 lists my regulatory proceeding experience.

1   **Q.   WHAT ARE THE PRIMARY DRIVERS OF THE PROPOSED RATE**  
2       **INCREASE?**

3   A.   The Company's revenue requirement deficiency of \$19.1 million is driven  
4       primarily by increases in investment, O&M expenses and the cost of capital since  
5       the Company's most recent general case (Docket No. 23-ATMG-359-RTS). In  
6       addition, the expiration of the state excess deferred income tax amortization  
7       contributes \$4.0 million to the requested increase. The Company has invested  
8       approximately \$55 million since the previous case over and above the amounts  
9       eligible for recovery through the System Integrity Program ("SIP") and Gas System  
10      Reliability Surcharge ("GSRS") Tariff rates. O&M items since the final order in the  
11      previous case have increased \$4.1 million. In addition, proforma depreciation  
12      expense has increased \$2.7 million due to the change in proposed depreciation rates  
13      supported in the testimony of Dane Watson. Finally, the Company's proposed rate  
14      of return of 8.20% is higher than what is currently authorized and is supported by  
15      the rate of return on equity testimony of Dylan D'Ascendis. These increases are  
16      partially offset by an increase in normalized revenues at present rates.

17                                   **III.   REVENUE REQUIREMENT MODEL**

18   **Q.   WHAT IS THE TEST PERIOD USED IN DETERMINING THE REVENUE**  
19       **DEFICIENCY?**

20   A.   The test period in this case is the 12 months ended March 31, 2025.

21   **Q.   WHAT IS THE LEVEL OF THE COMPANY'S PROPOSED REVENUE**  
22       **INCREASE?**

23   A.   The Company is requesting an overall revenue increase of \$19.1 million in base

1 rates. The Company's proposal to change base rates excludes investment made and  
2 recovered pursuant to the SIP and GSRS tariffs.

3 **Q. PLEASE DESCRIBE HOW THE KANSAS MFRs ARE MET BY THE**  
4 **COMPANY REVENUE REQUIREMENT MODEL.**

5 A. The Company utilized the schedule numbering scheme required under K.A.R. § 82-  
6 1-231. The Company addressed each requirement in the schedules accompanying  
7 the rate case application and testimony filed in this matter.

8 **Q. PLEASE DESCRIBE EACH OF THE SCHEDULES SUPPORTING THE**  
9 **CALCULATION OF THE COST OF SERVICE AND REVENUE**  
10 **DEFICIENCY.**

11 A. **Section 3** Summary of Rate Base, Operating Income and Rate of Return. This  
12 section accumulates the results of the various schedules described in the remainder  
13 of this answer to calculate a Kansas Revenue Requirement of \$88.7 million and a  
14 Kansas Annual Revenue Deficiency of \$19.1 million in base rates. These results  
15 reflect Kansas direct operations, plus allocations from the Company's  
16 administrative offices serving Kansas (Shared Services General Office, Shared  
17 Services Customer Support, and Colorado-Kansas General Office).

18 **Section 4** Plant Investment. This section provides functional plant balances for  
19 direct and allocated gross plant in service. The gross plant in service is further  
20 supported later in my testimony.

21 **Section 5** Accumulated Depreciation, Amortization and Depletion. This section  
22 provides accumulated depreciation balances for direct and allocated accumulated  
23 reserve. The accumulated depreciation is further supported later in my testimony.

1       **Section 6 Working Capital.** This section provides thirteen-month average  
2       calculations of prepayments and storage gas. The prepayments and storage gas are  
3       further supported later in my testimony.

4       **Section 7 Capital and Cost of Money.** This section provides the Company's  
5       proposed capital structure, cost of long-term debt, return on equity and computes  
6       an overall proposed return on rate base. The proposed capital structure and cost of  
7       debt is supported by Company witness, Mr. Joe Christian. The requested return on  
8       equity is supported by Company witness, Mr. Dylan D'Ascendis.

9       **Section 9 Test Year and Pro-forma Income Statements.** Within Section 9, Test Year  
10      and Pro-forma Income Statements, the section provides the Company's proposed  
11      O&M expense. The proposed O&M and pension expense, direct and allocated, is  
12      supported later in my testimony.

13      **Section 10 Depreciation and Amortization Expense.** This section provides  
14      depreciation and amortization expense which is associated with the Company's  
15      requested gross plant. New depreciation rates for Kansas assets, Colorado/Kansas  
16      General Office assets and the Shared Services Divisions, General Office and  
17      Customer Support are being requested in this proceeding and are supported by the  
18      studies prepared by Company witness, Mr. Dane Watson.

19      **Section 11 and 11B Taxes Other Than Income Taxes and Computation of Income**  
20      **Taxes.** This section provides the Company's proposed Taxes Other Than Income  
21      Taxes and the computation of Income Taxes. These sections are further supported  
22      later in my testimony.

1        **Section 14A Summary of Other Rate Base Components.** This section provides the  
2        Company's proposed other rate base components of construction work in progress,  
3        customer advances for construction, customer deposits and accumulated deferred  
4        income taxes. These items are further supported later in my testimony.

5        **Section 14C Computation of Interest on Customer Deposits.** This section  
6        computes the proposed adjustment related to interest expense for customer  
7        deposits. This item is further supported later in my testimony.

8        **Section 17 Summary of Revenue at Present and Proposed Rates.** This section  
9        computes the normalized revenue at present and proposed rates for each of the  
10       Company's tariffs. This section, containing adjustment IS-19, is supported by  
11       Company witness, Mr. Talha Sheikh.

12                Other Sections included in the MFRs are **Section 8**, Financial and Operating  
13       Data; **Section 12**, Allocation Ratios, **Section 13**, Annual Report (which also  
14       includes the financial statements required in **Section 16**) and **Section 18** Tariffs  
15       with Proposed Rate Changes. **Section 18** includes the changes to the Company's  
16       tariffs to reflect the new rates proposed in this rate case.

17                **IV. RATE BASE ADJUSTMENTS (RB-1, RB-2, RB-3, RB-4,**  
18                **RB-5, RB-6 and RB-7)**

19       **Q. PLEASE DESCRIBE THE PLANT IN SERVICE AND ACCUMULATED**  
20       **RESERVE ADJUSTMENT IN RB-1 AND RB-2?**

21       A. The Company has made investments pursuant to its SIP and GSRS mechanisms  
22       that are recovered through separate tariffs that we are not proposing to roll into base  
23       rates. Adjustment RB-1 removes SIP and GSRS plant in service for plant additions



1           that are or will be recovered through those mechanisms. In addition, adjustment  
2           RB-2 removes the calculated accumulated reserve also related to those investments.

3   **Q.   DOES ADJUSTMENT RB-1 CONTAIN ADDITIONAL ADJUSTMENTS**  
4           **RELATED TO THE COMPANY’S PROPOSED ACCOUNTING**  
5           **TREATMENT FOR CLOUD COMPUTING ASSETS?**

6   A.   Yes. As discussed in the testimony of Ms. Emily Wiebe, the Company is requesting  
7           new accounting treatment for cloud computing assets. The adjustment reflects the  
8           March 31, 2025 account balances of 186, 182.3 and 174 added as an adjustment to  
9           plant account 399.08 in SSU Divisions general office and customer support.

10   **Q.   PLEASE DESCRIBE THE ADJUSTMENTS THAT WERE MADE TO**  
11           **CONSTRUCTION WORK IN PROGRESS (“CWIP”) (RB-3 and RB-4)?**

12   A.   Adjustment RB-3 adjusts the per-book CWIP balance to include planned projects  
13           that are expected to be used and useful and therefore closed to plant in service by  
14           September 30, 2025. This adjustment is shown on WP 14-1. Adjustment RB-4,  
15           also shown on WP 14-1, removes all CWIP related to SIP projects.

16   **Q.   DOES KANSAS LAW ALLOW FOR THESE PROJECTS TO BE**  
17           **INCLUDED IN RATE BASE?**

18   A.   Yes. K.S.A. 66-128 (2) (A) permits projects completed within one year from the  
19           end of the test period to be included in rate base. The Company anticipates that  
20           these projects will close prior to the end of fall 2025 and can be audited and  
21           confirmed to be completed by KCC Staff and CURB during their audit of this rate  
22           case.

1   **Q.   HOW WOULD THE COMPANY PROPOSE UPDATING THE FILING**  
2       **ONCE ACTUAL AMOUNTS ARE CLOSED IN THE SEPTEMBER 2025**  
3       **BOOKS AND RECORDS SO THAT KCC STAFF AND CURB WILL BE**  
4       **ABLE TO CONFIRM THE PROJECTS HAVE BEEN COMPLETED?**

5   A.   The Company would use the same method used in prior cases to update the KCC  
6       Staff and CURB. The Company will track the costs and does not anticipate that  
7       actual costs will vary significantly from the amount included within the filing.  
8       After the September books close in October 2025, the Company will provide  
9       updated Schedules to KCC Staff and CURB to reflect the actual amounts closed to  
10      plant along with any associated retirements.

11   **Q.   WOULD THE COMPANY UPDATE THE ENTIRE SET OF FILING**  
12      **SCHEDULES?**

13   A.   No. The Company would not propose updating its complete set of filed schedules,  
14      unless requested by KCC Staff or CURB. Rather, in updating the specific work  
15      papers associated with these projects, the impact of any variance between actual  
16      and estimated project costs can be included in KCC Staff's and CURB's Accounting  
17      Schedules.

18   **Q.   IS THE INCLUSION OF THESE ADDITIONAL AMOUNTS THROUGH**  
19      **SEPTEMBER 2025 CONSISTENT WITH THE METHODOLOGY USED IN**  
20      **THE COMPANY'S PREVIOUS RATE CASE?**

21   A.   Yes. This approach is consistent with the Company's filing in its most recent rate  
22      case, in which the Company included additional capital spending related to specific  
23      capital projects. In conducting the audit, Commission Staff was able to verify the

1 closing of the capital spending. The projects that are included in the filing are  
2 scheduled to be completed in the fall of 2025, and only projects that will be used  
3 and useful before rates go in effect in this proceeding have been included. Company  
4 witness Ocanas also provides testimony in support of the Company's request to use  
5 the Commission's abbreviated rate case process to capture all CWIP projects that  
6 qualify for recovery under the statute while also allowing Staff and other parties to  
7 confirm that those projects have been placed in service and are being used to  
8 provide service to customers.

9 **Q. PLEASE DESCRIBE THE COMPANY'S ADJUSTMENT TO**  
10 **REGULATORY LIABILITIES (RB-5)?**

11 A. In anticipation of consistent treatment with prior cases to update investment,  
12 accumulated reserve for depreciation and accumulated deferred income taxes, the  
13 regulatory liability related to Excess Deferred Income Taxes ("EDIT") is adjusted  
14 to the September 2025 balance as well as a corresponding adjustment to ADIT on  
15 WP 14-4-3. The adjustment also reflects the expiration of the state excess deferred  
16 income tax amortization by including a zero balance for that liability in rate base.

17 **Q. DOES THE COMPANY'S RATE FILING REFLECT ADJUSTMENTS TO**  
18 **THE PER BOOK AMOUNTS OF ACCUMULATED DEFERRED INCOME**  
19 **TAX ("ADIT") (RB-6 and RB-7)?**

20 A. Yes. Adjustments to ADIT are designated as RB-6, appear in the Section 14A, and  
21 are calculated on WP 14-4 and WP 14-4-1. Adjustment RB-7, calculated on WP  
22 14-4-5, adjusts ADIT to remove the impact of SIP and GSRS investments.

1   **Q.   WHY WERE THESE ITEMS EXCLUDED FOR RATEMAKING**  
2       **PURPOSES?**

3   A.   These adjustments to ADIT are related to over/under recovery of gas cost and to  
4       both Shared Services and Kansas Direct ADIT to remove the impact of Winter  
5       Storm URI on ADIT. Additionally, the adjustments exclude book to tax differences  
6       in Shared Services that relate to jurisdictions other than Kansas.

7   **Q.   WERE ADJUSTMENTS MADE TO ANY OTHER RATE BASE ITEMS?**

8   A.   No. Amounts for Storage Gas, Prepayments, Customer Advances for Construction  
9       and Customer Deposits are included at the per book 13-month average balances.  
10      Cash Working Capital is included at a zero balance.

11  **Q.   PLEASE DESCRIBE THE ALLOCATION OF SHARED SERVICES AND**  
12       **GENERAL OFFICE RATE BASE ITEMS TO KANSAS.**

13  A.   The Company does not allocate rate base items in its books and records. Therefore,  
14       rate base items that are booked at Shared Services and the business unit general  
15       office levels must be separately allocated to include the amounts applicable to  
16       Kansas in rate base. In this filing, rate base items were allocated using the  
17       allocation factors shown in Section 12. The development of these factors is the  
18       same as that discussed in the Company's Cost Allocation Manual and in testimony  
19       of Company witness Emily Wiebe.

20  **Q.   WHAT ARE THE ALLOCATION FACTORS UTILIZED FOR EXPENSE**  
21       **ADJUSTMENTS TO KANSAS?**

22  A.   Fiscal year 2025 allocation factors (based on September 30, 2024 data) were  
23       utilized in this filing to allocate expense items. The allocation factors can be found

1 on Schedule 12 of the filing, and the methods utilized in the development of these  
2 factors are discussed as part of the Cost Allocation Manual attached to Company  
3 Witness Emily Wiebe's testimony as Exhibit EBW-1. The filing is consistent with  
4 the Shared Services General Office using a composite factor and Shared Services  
5 Customer Support using a customer factor.

6 **V. OPERATION AND MAINTENANCE EXPENSES (IS-1,**  
7 **IS-2, IS-3, IS-4, IS-5, IS-6, IS-7, IS-8, IS-9, IS-10 AND IS-**  
8 **11), DEPRECIATION, (IS-12 AND IS-13), OTHER TAXES**  
9 **(IS-14, IS-15, AND IS-16), NORMALIZATION OF**  
10 **INCOME TAXES (IS-17) AND INTEREST ON**  
11 **CUSTOMER DEPOSITS (IS-18)**

12 **Q. IS THE COMPANY PROPOSING ANY ADJUSTMENTS TO O&M**  
13 **EXPENSES?**

14 A. Yes. Eleven (11) adjustments were made to O&M expenses and are listed as  
15 follows:

- 16 1. Labor Expense Adjustment (IS-1)
- 17 2. Benefits Expense Adjustment (IS-2)
- 18 3. Charitable Donations Adjustment (IS-3)
- 19 4. Rate Case Expense Adjustment (IS-4)
- 20 5. Miscellaneous Expense Adjustment (IS-5)
- 21 6. Pension/Post Retirement Benefits Adjustment (IS-6)
- 22 7. Advertising Expense Adjustment (IS-7)
- 23 8. Chamber of Commerce Dues Adjustment (IS-8)
- 24 9. AGA Dues Adjustment (IS-9)
- 25 10. Incentive Compensation Adjustment (IS-10)
- 26 11. Bad Debt Expense Adjustment (IS-11)

1     **Q.     PLEASE DESCRIBE THE LABOR EXPENSE ADJUSTMENT (IS-1).**

2     A.     This adjustment to labor expense reflects the annualization of the average merit  
3           increase of 3.5 percent implemented on October 1, 2024, as applied to the total  
4           gross labor recorded on the books and records for the test year. The calculation to  
5           include the merit increase, as shown in Workpaper (“WP”) WP 9-2, takes into  
6           account that one-half of the fiscal year is included in the test year; accordingly, 1.75  
7           percent is used in the labor adjustment calculation, instead of the full 3.5 percent.  
8           In addition, a three-year average expense rate is applied to the adjusted gross labor  
9           calculation to reflect the portion of the adjusted gross labor related to O&M  
10          expense. The calculation of the labor expense adjustment is included in the rate  
11          case application as Adjustment IS-1.

12    **Q.     PLEASE DESCRIBE THE BENEFITS EXPENSE ADJUSTMENT (IS-2).**

13    A.     Benefit costs typically correspond to the amount of labor expense the Company  
14           incurs. Therefore, a benefits adjustment was made to reflect this relationship  
15           between benefits and the adjusted labor in IS-1. This adjustment is calculated by  
16           multiplying the 2025 budgeted benefits percentage, located on WP 9-3, by the labor  
17           expense adjustment (IS-1). The budgeted rates are based on actuarial reports  
18           prepared by Willis Towers Watson, along with insurance information received by  
19           the Company’s Human Resources Department. The benefits adjustment calculation  
20           is set forth in WP 9-3 and is included in the rate case application as Adjustment IS-  
21          2.

1   **Q.    PLEASE EXPLAIN THE CHARITABLE DONATIONS ADJUSTMENT (IS-**  
2       **3).**

3    A.    The charitable contributions adjustment is shown in detail on WP 9-4 and is  
4       included in the rate case application as Adjustment IS-3. The Company is seeking  
5       to recover 50% of the total charitable contributions, excluding any expenditure for  
6       civic or political activities and sporting events, in accordance with K.S.A. 66-1,206.

7   **Q.    PLEASE EXPLAIN THE RATE CASE EXPENSE ADJUSTMENT (IS-4).**

8    A.    WP 9-5 reflects an adjustment to remove all unamortized rate case expenses from  
9       prior rate cases. In addition, the Company is seeking to recover the expenses it has  
10      incurred or will incur relating to the preparation and filing of this rate case through  
11      a 3-year amortization in base rates. A calculation of those estimated expenses is  
12      shown in WP 9-5-1.

13   **Q.    PLEASE DESCRIBE THE MISCELLANEOUS EXPENSE ADJUSTMENT**  
14       **(IS-5).**

15   A.    Atmos Energy reviewed certain expense items recorded within the test year  
16      including expenses reports, miscellaneous vendor charges, and other Shared  
17      Services and Division expenses and elected to remove certain items from the filing  
18      of which the Company is not seeking recovery in this case. The amortization  
19      expense resulting from pension and other post-retirement benefits recovered in the  
20      Company's pension tracker has also been removed in this adjustment. Additionally,  
21      there is a lease expense adjustment to account for an increase in anticipated lease  
22      expense for the Company's new facility in Olathe, KS. Finally, there is an  
23      adjustment to remove from O&M the amortization expense necessary to properly

1 account for the Company's proposal for cloud computing asset treatment. The  
2 adjustment for these items is IS-5 in the rate case application and is shown on WP  
3 9-6.

4 **Q. PLEASE EXPLAIN THE ADJUSTMENT FOR THE AMORTIZATION OF**  
5 **ATMOS ENERGY'S DEFERRED PENSION AND OTHER POST**  
6 **EMPLOYMENT BENEFITS ("OPEB") EXPENSE (IS-6).**

7 A. As a result of previous Commission orders issued in Atmos Energy's rate cases,  
8 Atmos Energy was required to defer, as a regulatory asset or liability as the case  
9 may be, the difference between the level of pension, post retirement, and post-  
10 employment costs incurred under GAAP and the amount of such expenses  
11 recovered through base rates with no carrying costs permitted.

12 **Q. HOW WAS THE ADJUSTMENT CALCULATED?**

13 A. WP 9-8-1 (for direct), WP 9-8-2 (for shared services) and WP 9-8-3 (for the division  
14 general office) each compare the amount of expense included in base rates currently  
15 for Pension and OPEB expense to the actual cost incurred since the test period  
16 ending September 2022 resulting in the implementation of rates in May 2023. In  
17 these workpapers, the Company has included periods through March 2026, as this  
18 is the expected date of rate implementation for this case.

19 **Q. HOW WAS THE AMORTIZATION PERIOD, SHOWN ON WP 9-8-1, WP 9-**  
20 **8-2 AND WP 9-8-3, OF THREE YEARS DETERMINED?**

21 A. The three-year amortization period falls within the time frame allowed by the  
22 Commission and is consistent with previous Commission dockets. Since the utility



1 is not allowed to earn a return on the deferred amount, a period shorter than five  
2 years should be used.

3 **Q. IN ADDITION TO APPROVING THE INCLUSION OF THIS**  
4 **AMORTIZATION IN THE REVENUE REQUIREMENT MODEL, IS**  
5 **ATMOS ENERGY SEEKING ANY FURTHER DIRECTIVE FROM THE**  
6 **COMMISSION WITH REGARDS TO FUTURE DEFERALS?**

7 A. Yes. The level of Pension and OPEB expense and Ad Valorem expense ultimately  
8 included in the approved base rates in this proceeding should be identified, similarly  
9 to how these items were identified in prior Atmos Energy proceedings, so that the  
10 parties are clear as to what expense level is to be used in calculating future deferral  
11 amounts.

12 **Q. PLEASE DESCRIBE THE ADVERTISING EXPENSE ADJUSTMENT (IS-**  
13 **7).**

14 A. The Company has elected to eliminate non-customer assistance and non-safety-  
15 related advertising and promotional expenses. This adjustment, as detailed in WP  
16 9-9, is in accordance with KCC Staff recommendation in the 320 Docket.<sup>1</sup>  
17 Adjustment IS-7 effects the removal of these expenditures.

18 **Q. PLEASE DESCRIBE THE CHAMBER OF COMMERCE DUES**  
19 **ADJUSTMENT (IS-8).**

20 A. The Chamber of Commerce dues adjustment is shown in detail on WP 9-10 and is  
21 included in the rate case application as Adjustment IS-8. This adjustment excludes  
22 fifty percent of Chamber of Commerce dues paid during the test year, is in

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<sup>1</sup> Docket No. 14-ATMG-320-RTS, KCC Direct Testimony of Katie L. Figgs, May 20, 2014, page 8, lines 1-9.

1           accordance with K.S.A. 66-1,206 and with KCC Staff recommendation per the 320  
2           Docket.<sup>2</sup>

3   **Q.   PLEASE DESCRIBE THE AGA DUES ADJUSTMENT (IS-9).**

4   A.   The AGA dues paid by Atmos Energy are adjusted to remove the portion of the  
5           payment that relates to advertising and public affairs. The calculation of the  
6           adjustment is shown on WP 9-11 and is included in the rate case application as  
7           Adjustment IS-9.

8   **Q.   PLEASE DESCRIBE THE INCENTIVE COMPENSATION ADJUSTMENT**  
9           **(IS-10).**

10 A.   The Company has removed incentive compensation in accordance with the Final  
11           Order in the 525 Docket. In the 525 Docket the Commission concluded that there  
12           was no reason to revisit its decision announced in the 10-415 Docket to disallow  
13           incentive programs that focus on the financial aspect, rather than operational  
14           aspects. Thus IS-10 has removed as Adjustment IS-10, 100% of short-term  
15           Management Incentive Plan expenses, 50% of the time lapse portion of the Long-  
16           Term Incentive Plan, and 100% of the expense associated with the Performance  
17           Based Portion of the Long-Term Incentive Plans allocated to Kansas Operations in  
18           order to comply with the Commissions policy on this issue. The calculation of the  
19           adjustment is shown on WP 9-12 as Adjustment IS-10.

20 **Q.   PLEASE DESCRIBE THE BAD DEBT EXPENSE ADJUSTMENT (IS-11).**

21 A.   Consistent with the final order in 525 Docket, the Company has adjusted the per  
22           books bad debt expense to that of a three-year average percentage. This three-year

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<sup>2</sup> Docket No. 14-ATMG-320-RTS, KCC Direct Testimony of Katie L. Figgs, May 20, 2014, Page 7, lines 15-20.

1 average percentage is applied to the normalized margin revenue for the test period  
2 resulting in Adjustment IS-11 shown on WP 9-13.

3 **Q. PLEASE DESCRIBE THE ALLOCATION FACTORS UTILIZED FOR**  
4 **EXPENSE ADJUSTMENTS TO KANSAS.**

5 A. Atmos Energy used 2025 allocation factors in this filing to allocate expense items.  
6 The allocation factors can be found on Schedule 12 of the filing, and the methods  
7 utilized in the development of these factors are discussed as part of the Cost  
8 Allocation Manual (“CAM”) in Company witness Emily Wiebe’s testimony. The  
9 filing is consistent with Shared Services General Office using a composite factor  
10 and the Customer Service Center using a customer factor.

11 **Q. PLEASE DESCRIBE THE COMPANY’S CALCULATION OF**  
12 **DEPRECIATION EXPENSE (IS-12).**

13 A. This adjustment, designated as IS-12, recalculates depreciation expense utilizing  
14 the depreciation rates proposed by Company witness, Mr. Dane Watson. All  
15 depreciation rates were applied to the end-of-test-year balances of plant in service  
16 by plant account, thereby normalizing depreciation expense to be consistent with  
17 the level of plant in service at the end of the test year.

18 **Q. PLEASE DESCRIBE THE COMPANY’S ADJUSTMENT TO**  
19 **DEPRECIATION EXPENSE RELATED TO SIP, GSRS AND CLOUD**  
20 **ASSETS (IS-13)?**

21 A. As calculated on WP 10-6, the Company has calculated and removed annual  
22 depreciation on its SIP and GSRS assets and added annual depreciation for Cloud  
23 Computing assets by plant account balance as of March 2025.

1   **Q.   IS THE COMPANY PROPOSING ANY ADJUSTMENTS TO TAXES**  
2       **OTHER THAN INCOME TAXES?**

3   A.   Yes. There are three (3) adjustments being proposed to taxes other than income  
4       taxes. One adjustment (IS-14) is made to Ad Valorem taxes, one adjustment (IS-15)  
5       is related to payroll taxes, and one (IS-16) is related to the KCC assessment.

6   **Q.   PLEASE DESCRIBE THE AD VALOREM TAX ADJUSTMENT (IS-14).**

7   A.   WP 11-2 compares the test period Ad Valorem tax expense to the most recent Ad  
8       Valorem tax assessments. The 2024 Ad Valorem assessments were utilized in  
9       Docket number 25-ATMG-242-TAR in the calculation of the Company's 2025 Ad  
10      Valorem surcharge calculation.

11  **Q.   WHY IS IT NECESSARY TO ADJUST TO THE LEVEL OF AD VALOREM**  
12      **TAX ASSESSED IN 2024?**

13  A.   In the Company's previous rate cases, the latest Ad Valorem information was  
14      utilized in arriving at the final base rates.

15  **Q.   IS THE COMPANY'S ADJUSTMENT CONSISTENT WITH STAFF'S**  
16      **ADJUSTMENT IN THE 2007 DOCKET AND COMPANY'S ADJUSTMENT**  
17      **IN THE SUBSEQUENT DOCKETS?**

18  A.   Yes.

19  **Q.   PLEASE DESCRIBE THE PAYROLL TAX ADJUSTMENT (IS-15).**

20  A.   A payroll tax adjustment is made in conjunction with the previously discussed labor  
21      adjustment. This adjustment is comprised of applying the budgeted payroll tax rate  
22      of 7.65% to the direct Kansas pro-forma labor expense less the per book direct

1 Kansas payroll tax. This is reflected in Adjustment IS-15 in the rate case  
2 application and is shown on WP 11-4.

3 **Q. PLEASE DESCRIBE THE KCCA ADJUSTMENT (IS-16).**

4 A. The KCCA adjustment is a known and measurable adjustment to normalize to the  
5 actual amounts paid by the Company to the KCC as of the Commission's new fiscal  
6 year ended June 30, 2025. This is reflected in Adjustment IS-16 in the rate case  
7 application and is shown on WP 11-5.

8 **Q. PLEASE DESCRIBE THE INCOME TAX ADJUSTMENT (IS-17).**

9 A. Section 11B of the Company's filing computes and synchronizes income tax  
10 expense, at statutory rates, based on the accumulation of the other revenue  
11 requirement items. Details regarding the excess deferred income tax regulatory  
12 liability amortization, including a small update to the federal liability  
13 commensurate with the Company's update to its accounting for Cost of Removal  
14 ("COR") and the expiration of the state excess deferred income tax regulatory  
15 liability amortization, are included on WPs 14-4-2, 14-4-3 and 14-4-4.

16 **Q. PLEASE DESCRIBE THE INTEREST ON CUSTOMER DEPOSITS**  
17 **ADJUSTMENT (IS-18).**

18 A. Section 14C of the Company's filing utilizes the average customer deposit amount  
19 included in this filing (shown in Section 14A) and normalizes the customer deposit  
20 interest rate to the 4.30% rate approved by the Commission in Docket number 98-  
21 GIMX-348-GIV.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

## VERIFICATION

STATE OF TEXAS

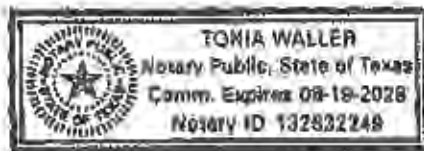
COUNTY OF DALLAS

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Gregory K. Waller, being duly sworn upon his oath, deposes and states that he is Director Rates & Regulatory Affairs for Atmos Energy Corporation; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

  
Gregory K. Waller

Subscribed and sworn before me this 17<sup>th</sup> day of July, 2025.



  
Notary Public

My appointment expires: 8.19.2028

**Gregory K. Waller**  
*Testimony and Rate Case Management Experience*  
*Exhibit GKW-1*

Sponsor	Date	Docket/Case No.	Subject
<b>Regulatory Commission of Alaska</b>			
Cook Inlet Natural Gas Storage Alaska	2020	U-20-012	Annual Mechanism and Formula Rate Plan
<b>Georgia Public Service Commission</b>			
Atmos Energy Corporation	2012	36278	Sale of jurisdiction
Atmos Energy Corporation	2012	34734	GRAM (annual mechanism) filing
Atmos Energy Corporation	2011	34734	Application for Georgia Rate Adjustment Mechanism ("GRAM") annual mechanism
Atmos Energy Corporation	2009	30442	General Rate Case; Operating expense forecast and budgeting process
Atmos Energy Corporation	2009	29554	Gas Supply Plan; Potential sale of LNG facility
Atmos Energy Corporation	2008	27163	General rate case; Operating expense forecast and budgeting process
<b>Kentucky Public Service Commission</b>			
Atmos Energy Corporation	2024	2024-00276	General rate case
Atmos Energy Corporation	2019	2019-00253	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2018	2018-00281	General rate case
Atmos Energy Corporation	2017	2017-00308	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2017	2017-00349	General rate case and petition for Annual Rate Review Mechanism
Atmos Energy Corporation	2016	2016-00262	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2015	2015-00272	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2015	2015-00343	General rate case
Atmos Energy Corporation	2014	2014-00274	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2013	2013-00148	General rate case
Atmos Energy Corporation	2013	2013-00304	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2009	2009-00354	General rate case and petition for annual infrastructure (PRP) mechanism
Atmos Energy Corporation	2006	2006-00464	General rate case
<b>Louisiana Public Service Commission</b>			
Atmos Energy Corporation	2019	U-35153	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2019	U-35106	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2018	U-34803	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2018	U-34714	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2017	U-34424	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2017	U-34343	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2016	U-34028	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2016	U-33925	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2015	U-28814	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2015	U-32987	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2014	U-28814	LA Gas Service (LGS) Rate Stabilization (RSC) Filing

**Gregory K. Waller**  
*Testimony and Rate Case Management Experience*  
*Exhibit GKW-1*

<b>Sponsor</b>	<b>Date</b>	<b>Docket/Case No.</b>	<b>Subject</b>
Atmos Energy Corporation	2014	U-32987	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2013	U-32987	Application for modification of RSC tariffs (establish system integrity program)
Atmos Energy Corporation	2013	U-28814	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2013	U-28814	Trans LA (TLA) Rate Stabilization (RSC) Filing
<b>Mississippi Public Service Commission</b>			
Atmos Energy Corporation	2019	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2019	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2018	2005-UN-0503	Annual Stable Rate Filing; eliminate earnings band
Atmos Energy Corporation	2018	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2017	2005-UN-0503	Annual Stable Rate Filing; narrow earnings band; actual capital structure
Atmos Energy Corporation	2017	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2016	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2016	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2015	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2015	2015-UN-049	Application for System Integrity Rider
Atmos Energy Corporation	2014	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2013	2005-UN-0503	Annual Stable Rate Filing; ROE improvement
<b>New York Department of Public Service</b>			
Liberty Utilities	2023	23-W-0235	Revenue Requirements
<b>Public Utilities Commission of Nevada</b>			
Southwest Gas Corporation	2021	21-09001	Revenue Requirements
Southwest Gas Corporation	2020	20-02023	Revenue Requirements
<b>Tennessee Public Utility Commission</b>			
Atmos Energy Corporation	2019	19-00018	Annual Review Filing
Atmos Energy Corporation	2019	19-00076	Annual Review Reconciliation
Atmos Energy Corporation	2018	18-00067	Annual Review Filing
Atmos Energy Corporation	2018	18-00097	Annual Review Reconciliation
Atmos Energy Corporation	2018	18-00034	Impact of Tax Cuts and Jobs Act
Atmos Energy Corporation	2018	18-00112	Investigation into possible modifications to Annual Review mechanism
Atmos Energy Corporation	2017	17-00012	Annual Review Filing
Atmos Energy Corporation	2017	17-00091	Annual Review Reconciliation
Atmos Energy Corporation	2016	16-00013	Annual Review Filing
Atmos Energy Corporation	2016	16-00105	Annual Review Reconciliation
Atmos Energy Corporation	2014	14-00081	Petition for Annual Rate Review Mechanism
Atmos Energy Corporation	2014	14-00146	General rate case and petition for Annual Rate Review Mechanism
Atmos Energy Corporation	2012	12-00064	General rate case



**Gregory K. Waller**  
*Testimony and Rate Case Management Experience*  
*Exhibit GKW-1*

<b>Sponsor</b>	<b>Date</b>	<b>Docket/Case No.</b>	<b>Subject</b>
Atmos Energy Corporation	2008	08-00197	General rate case
Atmos Energy Corporation	2007	07-00105	General rate case
Atmos Energy Corporation	2007	07-00081	Environmental cost recovery rider
Atmos Energy Corporation	2006	05-00258	Show Cause initiated by Tennessee Regulatory Authority
<b>Virginia State Corporation Commission</b>			
Atmos Energy Corporation	2019	2019-00010	Annual Information Filing (AIF)
Atmos Energy Corporation	2019	2019-00054	Application for second SAVE plan (safety infrastructure rider)
Atmos Energy Corporation	2018	2018-00014	General rate case
Atmos Energy Corporation	2017	2017-00009	Annual Information Filing (AIF)
Atmos Energy Corporation	2017	2017-00081	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2016	2015-00119	Expedited rate case
Atmos Energy Corporation	2016	2016-00057	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2015	2015-00002	Annual Information Filing (AIF)
Atmos Energy Corporation	2015	2015-00064	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2014	2013-00124	Expedited rate case
Atmos Energy Corporation	2014	2014-00044	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2013	2013-00006	Annual Information Filing (AIF)
Atmos Energy Corporation	2013	2013-00068	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2008	2008-00007	Expedited rate case