

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos Energy for)
Approval of the Commission for Gas System)
Reliability Surcharge per K.S.A. 66-2201 through) Docket No. 18-ATMG-218-TAR
66-2204)

DIRECT TESTIMONY OF JENNIFER G. RIES

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

2 A. Jennifer G. Ries, 1555 Blake Street, Suite 400, Denver CO 80023.

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

4 A. I am employed by Atmos Energy Corporation ("Atmos Energy" or the "Company") as Vice
5 President, Rates & Regulatory Affairs.

6 **Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT, RATES &**
7 **REGULATORY AFFAIRS FOR ATMOS ENERGY?**

8 A. I am responsible for leading and directing the rates and regulatory activity in the
9 Colorado-Kansas division of Atmos Energy. This responsibility includes executing and
10 managing the rate strategy for both states.

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
12 **PROFESSIONAL EXPERIENCE.**

13 A. I graduated from Texas Tech University in 2003 with a Bachelor of Science in Mechanical
14 Engineering and have been a Professional Engineer in the State of Texas since 2008. I have
15 worked for Atmos Energy since 2002, serving in technical, operational and managerial
16 positions. From 2002 to 2006, I worked in the Technical Services as an engineer in the

1 West Texas Division of Atmos Energy. In this capacity, I designed, planned and oversaw
2 the installation of large scale piping systems, regulator stations and metering stations. In
3 2006, I transferred to the position of Operations Supervisor and relocated to the Permian
4 Basin. In this role, I oversaw and planned for the daily operations of construction, service
5 and compliance personnel with direct supervisory responsibility of field employees. In
6 2010, I accepted the position of Senior Rates Analyst where I was responsible for regulatory
7 analysis, planning, and implementation of overall regulatory strategy in the West Texas
8 Division. In September 2011, I was promoted to Manager of Compliance for the West
9 Texas Division. My area of responsibility included oversight of distribution design and
10 estimation, compliance with Texas Rule 8.209 and Distribution Integrity management, and
11 oversight of damage prevention. In June 2012, I accepted the role of Manager of
12 Engineering Service. In this role, I oversaw engineering and compliance activities for the
13 West Texas Division, provided support for daily operations and maintenance activities, and
14 participated in the budgeting, planning and completion process of capital investment projects.
15 I assumed my current position in June 2015.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS CORPORATION**
17 **COMMISSION ("KCC") OR OTHER REGULATORY ENTITIES?**

18 A. Yes. I provided testimony in Atmos Energy's GSRS filing in Docket 17-ATMG-141-TAR.
19 I have also provided testimony before the Colorado Public Utility Commission in Atmos
20 Energy's general rate case proceeding in Docket 15AL-0299G and testimony in Docket
21 17AL-0429G.

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

23 A. The purpose of my testimony is to support the calculation of the revenue requirement by

1 customer class for Atmos Energy's proposed Gas System Reliability Surcharge ("GSRS").

2 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

3 A. Yes, I am sponsoring ten Exhibits. Exhibit 1 shows the calculation of the proposed rate
4 adjustment for GSRS revenue. Exhibit 2 shows the class allocation of the GSRS surcharge.
5 Exhibit 3 shows the calculation of the change in operating income. Exhibit 4 shows the
6 pre-tax rate of return. Exhibit 5 details the specific projects and performs the calculation of
7 depreciation, accumulated reserve and accumulated deferred income taxes. The specific
8 projects are sponsored by Barton Armstrong. Exhibit 6 accumulates the investment that is
9 retired as a result of GSRS projects and calculates the reduction in depreciation expense
10 associated with the retirements. Exhibit 7 updates the calculation of depreciation,
11 accumulated reserve and accumulated deferred income taxes for projects included in
12 17-ATMG-141-TAR. Exhibit 8 accumulates the investment that is retired as a result of
13 GSRS projects included in 17-ATMG-141-TAR and calculates the reduction in depreciation
14 expense associated with the retirements. Exhibit 9 is the true-up of recoveries for the nine
15 months rates have been in effect for 17-ATMG-141-TAR. Exhibit 10 is the tariff sheet.

16 **Q. PLEASE EXPLAIN EXHIBIT 1.**

17 A. Pursuant to the provisions of K.S.A. 66-2204, Exhibit 1 shows the increase to rate base and
18 the calculation of the GSRS revenue requirement. The proposed revenue increase is
19 \$936,614.

20 **Q. DOES THE REVENUE REQUIREMENT EXCEED THE MINIMUM REVENUE**
21 **REQUIREMENTS SET FORTH IN THE GSRS STATUTE?**

22 A. Yes. K.S.A. 66-2203 states that "the commission may not approve a GSRS to the extent it
23 would produce total annualized GSRS revenues below the lesser of \$1,000,000 or 1/2 % of

1 the natural gas public utility's base revenue level approved by the commission in the natural
2 gas public utility's most recent general rate proceeding." Based on Atmos Energy's most
3 recent general rate proceeding in Docket 16-ATMG-079-RTS ("079 Docket"), that amount
4 would total \$303,000.

5 **Q. PLEASE EXPLAIN THE COMPONENTS OF THE FILED RATE BASE.**

6 A. Components of the rate base calculation include Gross Plant, which is the original cost of all
7 eligible projects, less any related cost of removal and abandonment of the existing system;
8 Accumulated Depreciation, which has been calculated by project based on the approved
9 depreciation rate for that type of plant; Working Capital, which reflects the impact of
10 accrued taxes and accrued interest; and Accumulated Deferred Income Taxes, which has
11 been calculated by project based on the type of plant. Exhibit 5 details the GSRS net plant
12 calculation and the deferred taxes calculation for the specific projects and Exhibit 7 updates
13 the GSRS net plant calculation and the deferred taxes calculation for the specific project
14 included in 17-ATMG-141-TAR.

15 **Q. WERE ANY OF THE ELIGIBLE PROJECTS BEING CONSIDERED INCLUDED**
16 **IN ATMOS ENERGY'S LAST GENERAL RATE FILING?**

17 A. No. None of the projects included in the GSRS filing were included in Atmos Energy's last
18 rate filing. These projects were completed subsequent to the March 31, 2015, test period
19 used in Atmos Energy's last general rate filing.

20 **Q. PLEASE EXPLAIN EXHIBIT 2.**

21 A. Exhibit 2 shows the allocation of the GSRS revenue by class. The customer class allocation
22 is pursuant to the collaborative rate design agreed to by Atmos Energy and Staff pursuant to
23 the Stipulated Settlement Agreement in the 079 Docket.

1 **Q. DOES THE ALLOCATION OF THE PROPOSED GSRS SURCHARGE FALL**
2 **WITHIN THE PARAMETERS AS SET FORTH IN THE STATUTE?**

3 A. Yes. K.S.A. 66-2204(e)(1) states, "A GSRS shall be charged to customers as a monthly
4 fixed charge and not based on volumetric consumption. The monthly charge shall not
5 increase more than \$0.40 per residential customer over the base rates in effect for the initial
6 filing of a GSRS. Thereafter, each filing shall not increase the monthly charge more than
7 \$0.40 per residential customer over the most recent filing of a GSRS." The proposed GSRS
8 Surcharge yields \$0.40 per month surcharge for a residential customer. When added to the
9 current GSRS charge for a residential customer (\$0.40 per month), the proposed residential
10 GSRS is \$0.80 per month.

11 **Q. PLEASE EXPLAIN HOW THE RATE OF RETURN CALCULATED ON EXHIBIT**
12 **4?**

13 | A. The Commission's Order approving in Atmos Energy's most recent rate case, (079 Docket)
14 set forth a pre-tax rate of return for Atmos Energy at 11.04% (see, summary of the approved
15 pre-tax rate of return on Exhibit 4, line 2).

16 **Q. PLEASE EXPLAIN EXHIBIT 6 AND 8.**

17 A. Exhibit 6 shows the detail list of plant that was retired as a result of the GSRS project
18 additions. Exhibit 8 shows the detail list of plant that was retired as a result of the GSRS
19 project additions in 17-ATMG-141-TAR. These amounts will no longer be incurring
20 depreciation expense, therefore the expense associated with these retirements are netted
21 against the GSRS projects depreciation expense.

22 **Q. PLEASE EXPLAIN EXHIBIT 9.**

23 A. Exhibit 9 reconciles the amounts recovered versus authorized by 17-ATMG-141-TAR.

1 This amount is included in the overall revenue requirement calculation in Exhibit 1.

2 **Q. PLEASE EXPLAIN EXHIBIT 10.**

3 A. Exhibit 10 is the tariff sheet for the proposed GSRS surcharge.

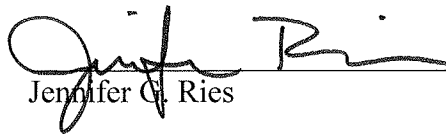
4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 A. Yes, it does.

VERIFICATION OF JENNIFER G. RIES

STATE OF COLORADO)
)ss:
COUNTY OF DENVER)

I, Jennifer G. Ries, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony of Jennifer G. Ries; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.


Jennifer G. Ries

SUBSCRIBED AND SWORN to before me this 20th day of November, 2017.


Notary Public

Appointment/Commission Expires:

