BEFORE THE CORPORATION COMMISSION

OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION FOR REVIEW AND ADJUSTMENT OF ITS NATURAL GAS RATES	]]]]	KCC Docket No. 16-ATMG-079-RTS

DIRECT TESTIMONY OF

BRIAN KALCIC

RE: CLASS COST OF SERVICE, CLASS REVENUE ALLOCATION, AND RESIDENTIAL AND COMMERCIAL RATE DESIGN

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

December 21, 2015

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Q. Please state your name and business address.

A. Brian Kalcic, 225 S. Meramec Avenue, St. Louis, Missouri 63105.

Q. What is your occupation?

A. I am an economist and consultant in the field of public utility regulation, and principal of Excel Consulting. My qualifications are described in the Appendix to this testimony.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of the Citizens' Utility Ratepayer Board ("CURB").

Q. What is the subject of your testimony?

A. First, I will review and critique the class cost-of-service studies sponsored by Atmos Energy Corporation ("Atmos" or "Company") in this proceeding. Second, I will discuss the Company's proposed revenue allocation, and sponsor an alternative revenue allocation for the Commission's consideration. Third, I will review the Company's rate design proposals for its Residential Sales ("RSS") and Commercial/Public Authority Sales ("C/PA") service classes, and present CURB's rate design recommendations for these two classes.

Q. Have you reflected CURB witness Andrea C. Crane's recommended revenue adjustment for Atmos in your recommended class revenue allocation and rate design proposals?

A. Yes, I have.

Q. Please summarize your primary recommendations.

A. Based upon my analysis of Atmos's filing and interrogatory responses, I recommend that the Kansas Corporation Commission ("KCC" or "Commission"):

- Reject the Company's "traditional" class cost-of-service study;
- Reject the Company's proposed class revenue allocation;
- Reject the Company's proposal to recover 100% of its recommended RSS and C/PA increases in the respective class's facilities charge;
- Reject the Company's proposal to recover its claimed rate case expense via a one-year surcharge;
- Adopt CURB's recommended class revenue allocation, which includes non-uniform adjustments to class revenue levels; and
- Adopt CURB's recommended RSS and C/PA rate design proposals.

The specific details associated with the above recommendations are discussed below.

I. COST-OF-SERVICE STUDIES

Q. Mr. Kalcic, please describe the cost-of-service analyses sponsored by the Company in this proceeding.

A. Company witness Paul H. Raab prepared two class cost-of-service studies ("COSSs") for the twelve months ended March 31, 2015, each reflective of the Company's filed request for a base revenue increase of $5.667 million (inclusive of the rebasing of surcharge revenues).

Mr. Raab's first COSS uses the Company's preferred (i.e., "traditional") cost-of-service methodology. Mr. Raab's traditional COSS ("Company COSS") is presented in Exhibit__(PHR-2). Mr. Raab's second COSS allegedly reflects the cost methodology recommended by KCC Staff in Docket No. 14-ATMG-320-RTS. Mr. Raab refers to KCC Staff's methodology as the "Kansas" COSS, which is presented in Exhibit__(PHR-3).

In Mr. Raab's view, the two COSSs filed in this case "place bounds on reasonable class cost responsibility and these bounds should be considered when recommending a movement in the direction of cost based rates."[1]

Q. What are the primary steps in preparing a COSS?

A. The primary purpose of a COSS is to assign the Company's requested revenue requirement to rate classes. To that end, a COSS normally employs a traditional three-step process of functionalization, classification and allocation. *Functionalization* refers to the process whereby utility plant and related expenses are assigned to functions, such as transmission, distribution, storage or customer service. *Classification* refers to the process where the functionalized costs are grouped by cost category, and identified as capacity-, commodity-, or customer-related costs. Finally, *allocation* refers to the process whereby the utility's classified costs are assigned to rate classes, based upon a factor that reflects a causal relationship between a given class and the utility's cost incurrence.

Upon completion, a COSS produces a measure of total cost of service, by rate class. By comparing allocated cost responsibility to class revenue levels, one can determine

[1] See page 18 of the Direct Testimony of Paul H. Raab.

whether a given rate class is contributing revenues that are above or below its indicated cost of service.

Q. How is a COSS used?

A. The results of a COSS are typically used as a guide in the determination of overall class revenue requirements (i.e., revenue allocation), and in the subsequent implementation of those class revenue requirements via customer, demand, or volumetric charges (i.e., rate design).

Q. What rate classes are included in the Company COSS and Kansas COSS?

A. Both COSSs allocate costs to a total of nine sales and transportation service classes. The sales service classes include: a) Residential ("RSS"); b) Commercial and Public Authority ("C/PA"); c) Schools; d) Industrial; e) Small Generator Service ("SGS"); and f) Irrigation. The transportation service classes are: 1) Firm; 2) Schools; and 3) Interruptible.

Q. What is the primary difference in the cost-of-service methodologies employed in the two COSSs?

A. The primary difference relates to the method used to classify distribution mains, which comprise approximately 62% of Atmos' total rate base in this proceeding.

Q. How does the Company COSS classify distribution mains?

A. The Company COSS classifies distribution mains as either customer- or demand-related, based upon a minimum-system study. More specifically, distribution mains are classified

as 75.0% customer-related and 25.0% demand-related. Based on that classification, Atmos allocates 75.0% of the total cost of distribution mains to rate classes based on the number of customers in each class. Atmos uses class consumption in its peak month (January) to assign the demand-related portion of distribution mains to rate classes.

Q. How does the Kansas COSS classify distribution mains?

A. The Kansas COSS classifies distribution mains as 100% demand-related. Based on that classification, the Kansas COSS allocates 100% of the total cost of distribution mains to rate classes based on class consumption in the peak month of January.

Q. Have you summarized the results of the two COSSs?

A. Yes. Table 1 below compares the percentage increases required to move each rate class to the Company's requested system average rate of return of 8.48% (i.e., "equalized rates of return") under the two COSSs. Note that under the Company COSS, only the RSS class requires an increase in order to move to cost of service. However, under the Kansas COSS, the RSS, C/PA, Schools Sales, Industrial Sales and Irrigation classes require an increase in this proceeding.

TABLE 1

Class Increases Required to Yield Equalized ROR of 8.48%

Class	*Company COSS*	*Kansas COSS*
	(1)	(2)
RSS	29.1%	13.4%
C/PA	-26.3%	0.4%
Schools Sales	-28.2%	11.7%
Industrial Sales	-38.1%	4.0%
SGS	-27.3%	-57.5%
Irrigation Sales	-78.4%	35.1%
Firm Transportation	-70.5%	-14.2%
Schools Transportation	-47.6%	-0.9%
Interruptible Transportation	-72.9%	-4.8%
Total Company	**9.8%**	**9.8%**

Source: Exh__(PHR-2), page 1, line 48 and
Exh__(PHR-3), page 1, line 41.

Q. Mr. Kalcic, of the two COSSs submitted by Atmos, which study should the Commission adopt for this proceeding?

A. I recommend that the Commission (i) reject the minimum-system study employed in the Company COSS, and (ii) adopt the Kansas COSS, which classifies distribution mains as 100% demand-related.

Q. Why do you find that classifying 100% of Atmos' distribution mains as demand-related is preferable to the classification ratios derived from the Company's minimum-system study?

A. The Company's minimum-system study compares the installed cost of mains in Atmos' distribution system to the cost of a hypothetical distribution system. In that hypothetical

system, all of the Company's mains are assumed to consist of two-inch (or smaller) diameter pipe – the smallest, least-expensive size pipe available to connect all customers to the Company's system. The ratio of the cost of the hypothetical system to the installed cost of the Company's existing system determines the customer component of distribution mains in the Company's COSS.

However, the Company's minimum-system study ignores the fact that a hypothetical gas distribution system, built solely to the minimum standard necessary to connect all customers to the system, would still be capable of serving a demand function (albeit at some reduced level). To account for this demand-serving capability of the minimum system, a proper minimum system analysis would need to allocate the demand-related component of distribution mains to rate classes on the basis of peak demands *in excess of the portion of peak demand that is served by the minimum system component.* The Company's methodology does not do so. As a result, the Company's COSS methodology is biased against its smaller-user rate classes.[2]

Q. Have you utilized the results of the Kansas COSS as a general guide in allocating Ms. Crane's recommended revenue adjustment to rate classes?

A. Yes, I have.

[2] The greater the percentage of a class's peak demand that is served by the minimum system, the smaller that class's *excess* peak demand allocation factor, and therefore the lower that class's share of the Company's distribution mains cost that is classified as demand-related.

II. CLASS REVENUE ALLOCATION

Q. Mr. Kalcic, what is the Company's requested increase in total revenue in this proceeding?

A. The Company's is requesting an annual (ongoing) increase in total revenue of $5.20 million. In addition, Atmos is requesting to recover $0.95 million of claimed rate case expense via a *one-year* surcharge.

Q. What is the Company's requested increase in total *base rate* revenue in this proceeding?

A. Atmos collects $0.388 million and $0.079 million, respectively, through its Gas System Reliability Surcharge ("GSRS") and Ad Valorem Tax Surcharge Rider ("ATSR"). Atmos proposes to "rebase" or recover those GSRS and ATSR revenues in base rates (rather than via surcharges) at the conclusion of this case.[3] As such, the Company's requested increase in base rate revenue is $5.20 million plus $0.388 million (GSRS) plus $0.079 million (ATSR) or $5.667 million.

Q. Does the $5.667 million of additional base rate revenue include the Company's request to recover $0.95 million of claimed rate case expense?

A. No, since Atmos proposes to recover its claimed rate case expense via a surcharge (rather than base rates).

[3] See Atmos' Application at page 2.

Q. How does Atmos propose to recover its requested base rate revenue increase of $5.667 million in this case?

A. The Company's proposed class revenue allocation is shown in columns 7-8 of Schedule BK-1. The proposed system average increase in base rate revenue is 9.8% (see column 8 at line 16). As shown in column 8 of Schedule BK-1, the Company's proposed base rate increases range from a decrease of 0.7% (Industrial Sales) to an increase of 11.2% (Irrigation).

Q. How does Atmos propose to adjust *total* class revenues, after rebasing the GSRS and ATSR?

A. The Company's proposed total revenue adjustments, by rate class, are shown in columns 9-10 of Schedule BK-1. The proposed increase in total class revenues (excluding rate case expense) is $5.2 million or 8.9% (per line 16). As shown in column 10 of Schedule BK-1, the Company's proposed increases in total revenue range from a decrease of 3.0% (SGS) to an increase of 10.3% (Schools Sales).

Q. How did Atmos arrive at its proposed base rate revenue allocation shown in columns 7-8 of Schedule BK-1?

A. Atmos proposes to move rate classes toward their respective class cost-of-service benchmarks, as measured by the Kansas COSS, subject to the constraint that no class receive a *base rate* decrease.[4] Based on its analysis, Atmos indentified the RSS, C/PA, Schools Sales, Industrial Sales and Irrigation Sales classes as candidates for a base rate

[4] See pages 18-19 of the Direct Testimony of Paul H. Raab.

increase, in as much as such classes are shown to require a base rate increase in at least one of the COSSs prepared by Atmos. However, the Company decided to assign a uniform base rate increase of approximately 11.1% to only the RSS, C/PA, Schools Sales and Irrigation classes, i.e., Atmos did not assign an increase to the Industrial Sales class.[5] The Company also assigned "minor" increases to its Firm and Interruptible transportation classes (in order to maintain rate consistency between equivalent sales and transportation classes). Finally, Atmos assigned no base rate increase to its SGS, Schools Transportation or Special Contract classes.

Q. What type of rate adjustment is the Company proposing for the Industrial Sales class?

A. While the Company's cost-of-service analysis suggests that the Industrial Sales class should receive an increase, Atmos instead proposes to align the tariff charges applicable to its Industrial Sales and Firm Transportation classes. This rate alignment would result in an Industrial Sales base rate decrease of 0.7%.

Q. Does the Company claim that its proposed class revenue allocation is cost based?

A. Yes. Mr. Raab observes that the Company's revenue allocation "has generally moved all classes closer to rate of return parity," as indicated by the Kansas COSS results shown on page 1, lines 30 and 51 of Exhibit__(PHR-3).[6]

[5] The Company's proposed base rate adjustment to the Industrial Sales class is discussed below.
[6] See page 22 of the Direct Testimony of Paul H. Raab.

Q. Does CURB agree with the Company's proposed base rate revenue allocation?

A. No. As shown in column 10 of Schedule BK-1, the Company's proposal would provide for a decrease in total revenue for the Industrial Sales, SGS, and transportation rate classes. In CURB's view, no class should receive a rate decrease in conjunction with an overall Company *increase* of 8.9%.

Q. Mr. Kalcic, why is Atmos proposing to recover its claimed rate case expense in a surcharge rather than in base rates?

A. Atmos claims that the "frequency of the Company's recent rate case filings versus the time-frame allowed by the KCC to recover the rate case expenses have led the Company to the conclusion that separating the rate case expense from the rate case dynamics would allow prudently incurred rate case expenses to be fully recovered."[7]

Q. How does Atmos propose to implement its rate case expense surcharge?

A. Atmos proposes to divide its total rate case expense (including any unamortized rate case expense from previous dockets) by the total (test year) number of annual bills for all customers. The Company would then add the resulting $/bill surcharge to its approved monthly facilities charges and collect the surcharge for a period no longer than one year (after which the surcharge would be discontinued).

[7] See page 22 of the Direct Testimony of Barbara W. Myers.

Q. How much of the Company's claimed rate case expense would the surcharge recover from RSS and C/PA customers?

A. As filed, the RSS and C/PA classes account for 99.3% of the total number of bills in the Company's test year. Therefore, the proposed surcharge would recover 99.3% of Atmos' claimed rate case expense from RSS and C/PA customers.

Q. Is the Company's proposed rate case expense surcharge cost based?

A. Not from a COSS perspective. Atmos' incurs rate case expense in connection with a base rate case, which is the forum used to determine the Company's *total revenue requirement.* From a cost-of-service perspective, rate case expense is directly related to the Company's total revenue requirement, and a proper COSS would allocate rate case expense to rate classes based on each class's total cost of service (excluding rate case expense) – not total bills.

Q. Should the KCC approve the Company's rate case expense surcharge?

A. No, since the proposed surcharge is not cost-based. Instead, the KCC should order Atmos to continue to recover its approved rate case expense in base rates.

Q. Mr. Kalcic, have you developed a recommended class revenue allocation to implement CURB's recommended revenue adjustment in this case?

A. Yes, I have. Ms. Crane is recommending a base rate revenue *decrease* of $716,730, inclusive of the rebasing of $0.467 million of GSRS and ATSR revenues. As such, CURB is recommending a *decrease* in total revenues of $1.184 million.[8]

CURB's recommended adjustment to each class's (i) base revenues and (ii) total revenues are shown, respectively, in columns 7 and 9 of Schedule BK-2.

Q. How did you determine the base revenue decreases shown in column 7 of Schedule BK-2?

A. I assigned CURB's recommended base rate revenue decrease of $0.717 million to rate classes via three steps. First, I used the results of the Kansas COSS shown in Exhibit__(PHR-3) to estimate each class's total cost of service at CURB's recommended revenue requirement level. To do so, I scaled back the cost-based class revenue levels shown on page 1, line 37 of Exhibit__(PHR-3) proportionally. Second, in order to ensure that no class received a base rate increase in this case, I adjusted the class revenue targets derived from Step 1 so that no class would receive a base rate decrease greater than 2.0 times the system average. This step created approximately $1.3 million of rate relief for the RSS and Irrigation classes (i.e., those classes which would have otherwise required base rate increases). Third, I assigned the rate relief from Step 2 to the RSS and Irrigation in proportion to each class's current level of base revenues.

[8] Subtracting $0.467 million of GSRS and ATSR revenues from (a negative) $0.717 million results in a total revenue decrease of $1.184 million.

Q. What is the range of base rate revenue adjustments across rate classes under CURB's recommended revenue allocation?

A. As shown in column 8 of Schedule BK-2, CURB's base rate revenue adjustments range from a decrease of 0.85% (RSS and Irrigation) to a decrease of 2.55% (all other classes).

Q. What is the range of total revenue adjustments across rate classes under CURB's recommended revenue allocation?

A. As shown in column 10 of Schedule BK-2, CURB's total revenue adjustments range from a decrease of 1.64% (RSS) to a decrease of 5.46% (SGS). As such, no class would receive a total revenue increase under CURB's proposal.

III. RSS AND C/PA RATE DESIGN

Q. Mr. Kalcic, please describe the Company's current RSS and C/PA rate structures.

A. The Company serves residential sales service customers via Rate Schedule 910, which includes a facilities (or customer) charge and a flat-rate volumetric charge. Atmos serves commercial and public authority sales service customers via Rate Schedule 915. Like Rate Schedule 910, Rate Schedule 915 contains a facilities charge and a flat-rate volumetric charge (that is currently set at the same level as the residential volumetric charge).

Q. How does Atmos propose to adjust its current RSS and C/PA rates in this proceeding?

A. The Company seeks to recover 100% of its proposed RSS and C/PA class increases in each class's respective facilities charge. As such, Atmos proposes to increase the RSS facilities charge from $18.19 to $21.35 per month, and the C/PA facilities charge from $40.88 to $50.00 per month. The volumetric charge applicable to each class would remain unchanged at $0.14860 per 100 cubic feet.

Q. Why does the Company propose to collect 100% of its RSS and C/PA class increases via facilities charge increases?

A. At the present time, Atmos recovers approximately 55% of its total base rate revenues through fixed (facilities) charges. However, the Company claims that "fixed costs represent virtually 100% of the total cost of delivering natural gas" to its customers. In the Company's view, it would be appropriate to make "a small step" toward correcting this mismatch (in fixed cost incurrence versus fixed charge recovery) by recovering 100% of its proposed RSS and C/PA increases in facilities charges.[9]

Q. Does CURB agree with the Company's RSS and C/PA rate design proposals?

A. No. As discussed below, the Company's current RSS and C/PA facilities charges are too high.

[9] See pages 23-24 of the Direct Testimony of Paul H. Raab.

Q. How does Atmos' current RSS and C/PA facilities charges compare to the approved facilities charges of other Kansas natural gas distribution companies ("NGDC")?

A. As shown in Table 2 below, the Company's current residential and small commercial facilities charges are currently the highest of any NGDC in Kansas.

TABLE 2

Comparison of Approved Residential and Small Commercial Monthly Facilities Charges

	Residential Monthly Charge	*Small Commercial Monthly Charge*
Atmos	**$18.19**	**$40.88**
Kansas Gas Service	$15.35	$28.65
Black Hills	$17.25	$26.45

Q. Mr. Kalcic, what types of costs does a natural gas utility incur?

A. In general, a utility's costs (revenue requirement) may be classified as demand-, commodity- or customer-related. Demand-related costs are driven by the peak demands placed on the system. Commodity costs are related to the amount of annual consumption on a utility system. Customer costs are those that vary with the number of customers served, such as the costs associated with meters, meter reading, service lines, and billing.

Q. What types of costs should a utility recover in its facilities charges?

A. Facilities charges should be limited to the recovery of a utility's *customer-related* costs. All other costs should be recovered via a utility's volumetric and/or demand charges.

Q. Mr. Kalcic, what are Atmos's total customer-related costs, by rate class, at the Company's claimed revenue requirement level?

A. Page 2, line 34 of Exhibit__(PHR-3) shows the total amount of customer-related costs allocated to each rate class in the Company's Kansas COSS. Per columns 3-4 of that exhibit, the total RSS customer cost is $17.92 per month, and the total C/PA customer cost is $24.87 per month. In other words, the Company's current RSS and C/PA facilities charge levels exceed their respective cost-based facilities charge levels.

Q. Have you prepared a recommended RSS and C/PA rate design to implement CURB's recommended base rate revenue adjustments shown in Schedule BK-2 column 7, lines 1-2?

A. Yes, in Schedule BK-3. Since the current RSS facilities charge of $18.19 per month exceeds the benchmark RSS facilities charge of $17.92 per month, I have implemented CURB's recommended RSS base revenue decrease of $348,388 via a uniform reduction to the Company's existing RSS facilities and volumetric charges. As shown in column 4 of Schedule BK-3, CURB's recommended RSS facilities charge is $18.04 per month.

Q. Please discuss CURB's recommended C/PA rate design shown in Schedule BK-3.

A. At previously noted, the Company's existing RSS and C/PA volumetric charges are identical. Therefore, in order to determine CURB's recommended C/PA rates, I set the C/PA volumetric charge at the RSS level of $0.14728 per 100 cubic feet, and set the C/PA facilities charge at the residual level necessary to recover CURB's recommended class revenue requirement.

Q. What is CURB's recommended C/PA facilities charge level?

A. As shown on Schedule BK-3, CURB's recommended C/PA facilities charge is $39.15 per month, which remains above the C/PA cost-based facilities charge level of $24.87 per month.

Q. Do you have a rate design recommendation in the event that the KCC awards Atmos a base revenue increase in this proceeding?

A. Yes. Since the current RSS and C/PA facilities charges exceed their respective cost-based levels, I would recommend that the Commission direct Atmos to assign no increase to the RSS or C/PA facilities charge at the conclusion of this proceeding.

Q. Does this conclude your direct testimony?

A. Yes.

VERIFICATION

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

I, Brian Kalcic, of lawful age, being first duly sworn upon his oath states:

That he is a consultant for the Citizens' Utility Ratepayer Board; that he has read the above and foregoing Direct Testimony, and, upon information and belief, states that the matters therein appearing are true and correct.

Brian Kalcic

SUBSCRIBED AND SWORN to before me this 19 day of DECEMBER, 2015.

Notary Public

My Commission expires:

8/6/2018

JEFFREY P MORTLAND
Notary Public – Notary Seal
State of Missouri, St Louis County
Commission # 14430035
My Commission Expires Aug. 6, 2018

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Benedictine University with a Bachelor of Arts degree in Economics in December 1974. In May 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University, including Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic was employed by the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice that offers business and regulatory analysis.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Indiana, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Texas, and also before the Bonneville Power Administration.

SCHEDULES BK-1 THROUGH BK-3

ATMOS ENERGY CORPORATION

Summary of the Company's Proposed Allocation of its
Requested Increase in Total Base Rate Revenue and Total Revenues
(Excluding Gas Costs)

Line	Class	Present Base Rate Revenue	Present GSRS & Ad Valorem	Total Present Revenue	Proposed Base Rate Revenue	Proposed GSRS & Ad Valorem	Total Proposed Revenue	Base Rate Revenue Increase	Base Rate Revenue Percent	Total Revenue Increase	Total Revenue Percent
		(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)	(7) = (4) - (1)	(8) = (7) / (1)	(9) = (6) - (3)	(10) = (9) / (3)
	Sales										
1	Res (910)	$40,521,926	$332,575	$40,854,501	$44,989,534	$0	$44,989,534	$4,467,608	11.03%	$4,135,033	10.12%
2	C/PA (915)	$9,511,284	$79,625	$9,590,909	$10,564,307	$0	$10,564,307	$1,053,023	11.07%	$973,398	10.15%
3	Ind (930)	$68,567	$433	$69,000	$68,097	$0	$68,097	($470)	-0.69%	($903)	-1.31%
4	Schools (920)	$105,867	$647	$106,514	$117,505	$0	$117,505	$11,638	10.99%	$10,991	10.32%
5	SGS (940)	$36,891	$1,136	$38,027	$36,891	$0	$36,891	$0	0.00%	($1,136)	-2.99%
6	Interr. (955)	$0	$0	$0	$0	$0	$0	$0	-	$0	-
7	Irrigation (965)	$1,028,823	$12,790	$1,041,613	$1,144,023	$0	$1,144,023	$115,200	11.20%	$102,410	9.83%
8	Subtotal	$51,273,358	$427,206	$51,700,564	$56,920,357	$0	$56,920,357	$5,646,999	11.01%	$5,219,793	10.10%
	Transportation										
9	Interr. (IT900)	$1,474,056	$9,550	$1,483,606	$1,482,599	$0	$1,482,599	$8,543	0.58%	($1,007)	-0.07%
10	Firm (FT900)	$2,164,967	$23,131	$2,188,098	$2,166,919	$0	$2,166,919	$1,952	0.09%	($21,179)	-0.97%
11	Schools (FT920)	$726,905	$7,096	$734,001	$726,905	$0	$726,905	$0	0.00%	($7,096)	-0.97%
12	Subtotal	$4,365,928	$39,777	$4,405,705	$4,376,423	$0	$4,376,423	$10,495	0.24%	($29,282)	-0.66%
	Other										
13	Contract	$1,137,588	$0	$1,137,588	$1,137,588	$0	$1,137,588	$0	0.00%	$0	0.00%
14	Misc. Service	$1,026,382	$0	$1,026,382	$1,026,382	$0	$1,026,382	$0	0.00%	$0	0.00%
15	Subtotal	$2,163,970	$0	$2,163,970	$2,163,970	$0	$2,163,970	$0	0.00%	$0	0.00%
16	Total Revenue	$57,803,256	$466,983	$58,270,239	$63,460,750	$0	$63,460,750	$5,657,494	9.79%	$5,190,511	8.91%

Source: CURB DR 1 & Atmos' Section 17 Proof of Revenue. CURB DR 1

Target	$5,666,621	9.80%
Rounding	($9,127)	

ATMOS ENERGY CORPORATION

Summary of CURB's Recommended Allocation of its
Recommended Adjustment in Total Base Rate Revenue and Total Revenues
(Excluding Gas Costs)

Line	Class	Present Base Rate Revenue	Present GSRS & Ad Valorem	Total Present Revenue	Recommended Base Rate Revenue	Proposed GSRS & Ad Valorem	Total Recommended Revenue	Base Rate Revenue Increase	Base Rate Revenue Percent	Total Revenue Increase	Total Revenue Percent
		(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)	(7) = (4) - (1)	(8) = (7) / (1)	(9) = (6) - (3)	(10) = (9) / (3)
	Sales										
1	Res (910)	$41,075,239	$332,575	$41,407,814	$40,726,851	$0	$40,726,851	($348,388)	-0.85%	($680,963)	-1.64%
2	C/PA (915)	$9,511,284	$79,625	$9,590,909	$9,268,704	$0	$9,268,704	($242,580)	-2.55%	($322,205)	-3.36%
3	Ind (930)	$68,567	$433	$69,000	$66,818	$0	$66,818	($1,749)	-2.55%	($2,182)	-3.16%
4	Schools (920)	$105,867	$647	$106,514	$103,167	$0	$103,167	($2,700)	-2.55%	($3,347)	-3.14%
5	SGS (940)	$36,891	$1,136	$38,027	$35,950	$0	$35,950	($941)	-2.55%	($2,077)	-5.46%
6	Interr. (955)	$0	$0	$0	$0	$0	$0	$0	-	$0	-
7	Irrigation (965)	$1,028,823	$12,790	$1,041,613	$1,020,097	$0	$1,020,097	($8,726)	-0.85%	($21,516)	-2.07%
8	Subtotal	$51,826,671	$427,206	$52,253,877	$51,221,587	$0	$51,221,587	($605,084)	-1.17%	($1,032,290)	-1.98%
	Transportation										
9	Interr. (IT900)	$1,485,670	$9,550	$1,495,220	$1,447,779	$0	$1,447,779	($37,891)	-2.55%	($47,441)	-3.17%
10	Firm (FT900)	$2,164,967	$23,131	$2,188,098	$2,109,751	$0	$2,109,751	($55,216)	-2.55%	($78,347)	-3.58%
11	Schools (FT920)	$726,905	$7,096	$734,001	$708,366	$0	$708,366	($18,539)	-2.55%	($25,635)	-3.49%
12	Subtotal	$4,377,542	$39,777	$4,417,319	$4,265,895	$0	$4,265,895	($111,647)	-2.55%	($151,424)	-3.43%
	Other										
13	Contract	$1,137,588	$0	$1,137,588	$1,137,588	$0	$1,137,588	$0	0.00%	$0	0.00%
14	Misc. Service	$1,026,382	$0	$1,026,382	$1,026,382	$0	$1,026,382	$0	0.00%	$0	0.00%
15	Subtotal	$2,163,970	$0	$2,163,970	$2,163,970	$0	$2,163,970	$0	0.00%	$0	0.00%
16	Total Revenue	$58,368,183	$466,983	$58,835,166	$57,651,452	$0	$57,651,452	($716,731)	-1.23%	($1,183,714)	-2.01%

Source: CURB DR 1, Atmos' Section 17 Proof of Revenue and Schedules ACC-7 & ACC-8. Dir. Testimony of Mr. Kalcic

ATMOS ENERGY CORPORATION
CURB Recommended Residential and Commercial/Public Authority
Rate Design and Proof of Revenue

	Billing Units	Present Base Rates		Recommended Base Rates		Increase	
		Rate	Revenue	Rate	Revenue	Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Residential - RS 910		**RS 910**		**RS 910**			
Facilities Charge	1,433,105	$ 18.19	$ 26,068,177	$ 18.04	$ 25,853,212	$ (214,966)	-0.82%
Commodity Charge	100,989,652	$ 0.14860	$ 15,007,062	$ 0.14728	$ 14,873,756	$ (133,306)	-0.89%
Total Base Revenues			**$ 41,075,240**		**$ 40,726,968**	**$ (348,272)**	**-0.85%**
Comm/PA - RS 915		**RS 915**		**RS 915**			
Facilities Charge	115,463	$ 40.88	$ 4,720,127	$ 39.15	$ 4,520,376	$ (199,751)	-4.23%
Commodity Charge	32,241,979	$ 0.14860	$ 4,791,158	$ 0.14728	$ 4,748,599	$ (42,559)	-0.89%
Total Base Revenues			**$ 9,511,285**		**$ 9,268,974**	**$ (242,310)**	**-2.55%**

CERTIFICATE OF SERVICE

16-ATMG-079-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 21st day of December, 2015, to the following:

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