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August 15, 2019

via e-filing EXPRESS

Ms. Lynn M. Retz, Secretary
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604-4027

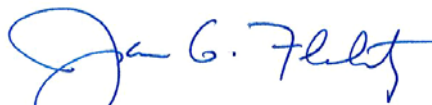
Re: Docket No. 19-ATMG-525-RTS
Errata Changes to Gary L. Smith's Direct Testimony

Dear Ms. Retz:

Enclosed for filing in the above referenced docket are errata changes (red-lined) to pages 24 and 25 of Mr. Gary L. Smith's direct testimony. The changes to the testimony correspond to the response provided by Atmos Energy to Staff Information Request No. 1-123. Mr. Smith's original direct testimony referenced certain numbers contained in Section 17 of the Revenue Requirements Model submitted with the Application as "per books" numbers when they are actually "adjusted" numbers. A copy of this filing has been electronically provided to those persons on the service list in this docket.

Please let me know if you have any questions.

Sincerely,



James G. Flaherty
jflaherty@andersonbyrd.com

JGF:rr

Enclosure

cc: Shelly M. Bass
Jared N. Geiger
Joseph R. Astrab
Todd E. Love
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1 **VI. BILLING DETERMINANTS STUDY**

2 **Q. WHAT ARE BILLING DETERMINANTS?**

3 A. Billing determinants are units of service to which the Company's distribution rates
4 are applied. Specifically, these units include natural gas volumes sold or
5 transported, customer counts and miscellaneous other revenues for non-recurring
6 customer service transactions.

7 **Q. WHAT IS THE PURPOSE OF CONDUCTING A BILLING**
8 **DETERMINANTS STUDY?**

9 A. The billing determinants study provides the data and calculations necessary to
10 adjust volumes delivered to reflect normal weather conditions, and to account for
11 other known and measurable adjustments including, but not limited to, annualizing
12 changes in usage patterns by industrial customers. The calculations are shown in
13 Section 17 of the Company's rate case application. The total of the adjustments for
14 normal weather and other customer volume changes, as well as, proration of facility
15 charges of sales service customers is reflected in adjustment IS-16 in Section 3A of
16 the filing. The Company has elected to perform the calculations in the billing
17 determinants study consistent with recently approved methodologies for Atmos
18 Energy in Kansas.

19 **Q. PLEASE DESCRIBE THE CALCULATIONS REFLECTED IN SECTION**
20 **17 OF THE REVENUE REQUIREMENTS MODEL.**

21 A. Columns (d) and (e) reflect actual, ~~per books~~ bill counts and billed volumes by tariff
22 service for the test year in this docket, the 12-month period ended March 31, 2019
23 adjusted to annualize transportation volumes for new and lost customers.

Columns (f) and (g) reflect known and measurable adjustments for larger ~~volume~~-sales ~~customers~~ and transportation ~~service~~-customers with service changes during the test period.

Columns (h) and (i) demonstrate a proration adjustment to sales service customer bills. Specifically, Column (h) demonstrates the variance of approved and collected facility charges during the test period. Column (i) shows the adjustment made to the number of sales service customer bills to reflect the effects of proration.

Column (j) shows the adjustments necessary for tariff sales volumes to reflect “normal” weather for the period.

Column (q) computes the revenue at present rates, applying current monthly facilities charges to the adjusted bill counts and the current commodity rate to the adjusted, normalized volumes for each tariff service.

Q. PLEASE DESCRIBE FURTHER THE ADJUSTMENTS TO LARGE VOLUME SALES AND TRANSPORTATION SERVICES IN COLUMNS (F) AND (G).

A. This adjustment is made to account for changes relating to larger customer volume data confirmed by Atmos Energy marketing representatives. The adjustment in this case accounts for two firm transportation customers switching to commercial sales during the test year. Workpaper 17-3 shows the detail of these adjustments.

Q. PLEASE DESCRIBE THE REASONING FOR ADJUSTING CUSTOMER BILLS FOR PRORATION.

1 A. Customer bills do not always consist of a standard monthly billing period, yet the
2 Company's billing system reports bill counts as integers. Proration is designed to
3 adjust for the billing system's incidental over statement of bill counts during the
4 test period. This adjustment methodology has been employed in the final billing
5 determinants in the most recent Company rate cases, Dockets 14-ATMG-320-RTS
6 and 16-ATMG-079-RTS.

7 **Q. PLEASE DESCRIBE HOW THE ACTUAL NUMBER OF SALES**
8 **CUSTOMER BILLS WAS ADJUSTED FOR PRORATION.**

9 A. Workpaper 17-4 of the Company's Application model demonstrates the
10 calculations used for the proration adjustment. The Company used monthly
11 customer revenue collected from facility charges by sales customer class and
12 divided it by the monthly facility charge counts by sales customer class to derive
13 an actual full-month equivalent facility charge collected by sales customer class.
14 The variance is displayed in Section 17 Column (h). This percentage was then
15 applied as a proration adjustment to the test period of bills as displayed in Section
16 17 Column (i).

17 **Q. PLEASE DESCRIBE HOW THE ACTUAL SALES VOLUMES WERE**
18 **WEATHER NORMALIZED?**

19 A. The Company utilizes the same methodology used in its Weather Normalization
20 Adjustment ("WNA") calculations submitted to KCC Staff each year. Workpaper
21 17-1 shows the WNA dollar amount computed and converts the dollar amount back
22 into a volumetric amount. These volumetric amounts are then accumulated and
23 reflected in Column (n) in Section 17 of the Company's rate case application.

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the Errata Changes to the Direct Testimony of Gary L. Smith was served by electronic service on 15th day of August, 2019, to the following parties who have waived receipt of follow-up copies.

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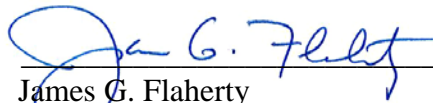
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