

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of a General Investigation)
Regarding the Effect of Federal Income Tax)
Reform on the Revenue Requirements of)
Kansas Public Utilities and Request to Issue an)
Accounting Authority Order Requiring Certain)
Regulated Public Utilities to Defer Effects of)
Tax Reform to a Deferred Revenue Account.)

Docket No. 18-GIMX-248-GIV

JOINT MOTION FOR APPROVAL OF ATMOS ENERGY'S TAX REFORM PLAN

Atmos Energy Corporation ("Atmos Energy"), the Staff of the Kansas Corporation Commission ("Commission") ("Staff") and the Citizens' Utility Ratepayer Board ("CURB") (collectively "Joint Movants"), pursuant to K.A.R. 82-1-230a, submit this Joint Motion ("Motion"), which seeks Commission approval of the Settlement Agreement ("Agreement") attached to this Motion as Exhibit A. In support of their Motion, Joint Movants state as follows:

I. BACKGROUND

1. On December 14, 2017, Staff filed a Motion to Open a General Investigation and Issue Accounting Authority Order Regarding Federal Tax Reform ("Staff Motion").¹ Staff attached a Report and Recommendation ("Staff's R&R") to the Staff Motion, which recommended the Commission issue an Order addressing the following:

a. Opening a general investigation for the purpose of examining the financial impact of anticipated federal income tax reform on regulated public utilities operating in Kansas;²

¹Staff Motion to Open General Investigation and Issue Accounting Authority Order Regarding Federal Tax Reform filed December 14, 2017, in Docket No. 18-GIMX-248-GIV ("248 Docket") ("Staff Motion").

²Staff Motion, page 1.

b. Requiring, through the use of an Accounting Authority Order ("AAO"), certain regulated public utilities that are taxed at the corporate level, which included Atmos Energy, to track and accumulate in a deferred revenue account, with interest compounded monthly at the most current Commission-approved customer deposit interest rate, the reduction in their regulated cost of service that would occur in the event that a new lower federal income tax rate is signed into law. These deferrals should take effect at the same time as the new federal corporate tax rate change and the calculations should be performed using the cost of service data that was used to set the utilities' last Commission-approved revenue requirement (including any line-item surcharges that contain a provision for regulated income tax expense);³ and

c. Confirming that the Commission's intention regarding the AAO is to preserve any potential tax benefits so that they may be evaluated in the context of a comprehensive evaluation of the reasonableness of the utilities' rates as well as notifying utilities that this portion of their rates should be considered interim subject to refund until the Commission has the opportunity to review the reasonableness of the utilities' rates on a comprehensive and case-by-case basis and confirming that the Commission intends to capture the reduction in Accumulated Deferred Income Tax ("ADIT") balances that will occur in the event that a lower corporate federal income tax rate takes effect, over time, in a manner that comports with Internal Revenue Services ("IRS") Tax Normalization Rules.⁴

³Staff Motion, page 1.

⁴Staff Motion, page 1.

2. Staff's R&R referred to and provided a copy of the order issued by the Commission in Docket No. 155,094-U dated March 18, 1987, relating to the effects of the Federal Tax Reform Act of 1986 ("1987 Order") and suggested that its recommendation in the current docket was consistent with the 1987 Order.⁵

3. On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law. Among other things, the TCJA reduced the federal corporate income tax rate from 35% to 21% beginning on January 1, 2018.⁶

4. On December 22, 2017, CURB filed a Petition to Intervene and a Response in Support of Staff's Motion.⁷

5. On January 18, 2018, the Commission issued its *Order Opening General Investigation and Issuing Accounting Authority Order Regarding Federal Tax Reform* ("Order").⁸ In said Order the Commission made the following findings and conclusions:

a. The TCJA has the potential to significantly reduce the cost of service for many utilities operating in Kansas since tax expenses are recovered in rates.⁹

b. A significant reduction to the corporate tax rate may also impact the ADIT Liabilities and Assets on the regulated books of utilities.¹⁰

⁵Staff's Motion, attached to Staff's R&R dated December 3, 2017, page 3, 1987 Order attached to Staff's R&R as Attachment A.

⁶Tax Cuts and Jobs Act, Public Law No. 115-97; Statute 131 Stat. 2054 (December 22, 2017).

⁷CURB's Petition to Intervene and a Response in Support of Staff's Motion filed December 22, 2017, in the 248 Docket.

⁸Order issued January 18, 2018, in the 248 Docket.

⁹*Id.* at page 5, ¶6.

¹⁰*Id.*, at page 5, ¶6.

- c. An investigation into the impact of the TCJA on utility rates is warranted.¹¹
- d. The 1987 Order issued by the Commission relating to the effects of the Federal Tax Reform Act of 1986, is informative but not precedential.¹²
- e. The purpose of the investigation is to quantify the economic impacts of the new lower tax rates on Kansas utilities, and where appropriate, direct that any cost savings be passed on to Kansas utility customers.¹³
- f. All regulated public utilities that are taxable at the corporate level are directed to accrue monthly, in a deferred revenue account, the portion of its revenues representing the difference between (1) the cost of service approved by the Commission in its most recent rate case; and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA.¹⁴
- g. Taxable utilities operating in Kansas are notified that the portion of their regulated revenue stream that reflects higher corporate tax rates should be considered interim and subject to refund, with interest calculated at the rate being used for interest paid on customer deposits, until the Commission can more fully evaluate on a case-by-case basis the impact of the TCJA.¹⁵

¹¹*Id.*, at page 5, ¶7.

¹²*Id.*, at page 5, ¶6.

¹³*Id.*, at page 5, ¶7.

¹⁴*Id.*, at page 5, ¶7.

¹⁵*Id.*, at page 5, ¶8.

h. Upon the Commission completing its case-by-case evaluation, if it is determined that a rate decrease is proper and would have been proper as of the January 1, 2018, effective date of the TCJA, any excessive collections in the deferred revenue subaccount, or other appropriate tracking mechanism approved by the Commission, with appropriate adjustments, shall be refundable to customers with interest. Any balance remaining in the account shall be credited to the utility's operating revenue.¹⁶

i. The Commission intends to capture excess ADIT for the benefit of customers using a methodology that is consistent with the tax normalization requirements specified in the tax legislation or IRS Tax Normalization Rules, as applicable.¹⁷

j. Any affected utility that believes other components of their cost of service have more than offset the decrease in its income tax expenses will have the ability to file such information and supporting data with the Commission, to be considered on a case-by-case basis. The Commission's intention here is not to materially impact regulated utilities' profitability, but rather, ensure that the affected utilities are neither positively nor negatively impacted by the passage of federal income tax reform.¹⁸

k. The Commission adopts the Staff's R&R and incorporates it into the Order.

6. On January 31, 2018, Atmos Energy filed its entry of appearance in this docket.¹⁹

¹⁶*Id.*, at page 6, ¶8.

¹⁷*Id.*, at page 6, ¶8.

¹⁸*Id.*, at page 7, ¶11.

¹⁹*Id.*, Order, page 1, ¶11.

7. On February 8, 2018, the Joint Movants met in Topeka to discuss and attempt to reach agreement to quantify the economic impacts of the new lower tax rates on Atmos Energy' Kansas operations based upon the instructions provided by the Commission in its Order and how cost savings related to the lower tax rates should be passed on to Atmos Energy' Kansas customers with interest. The Joint Movants also discussed how Atmos Energy should capture excess ADIT for the benefit of its customers using a method that is consistent with the tax normalization requirements specified in the tax legislation or IRS Normalization Rules, as applicable. As a result of said meeting and follow-up discussions among the Joint Movants, the Joint Movants were able to reach the Agreement, which is attached to this Motion as Exhibit A and hereby submit said Agreement to the Commission for approval.²⁰

II. TERMS OF AGREEMENT COMPLY WITH THE INSTRUCTIONS SET FORTH IN THE COMMISSION'S ORDER

A. REDUCTION IN FEDERAL INCOME TAX EXPENSE INCLUDED IN ATMOS ENERGY' COST OF SERVICE RESULTING FROM THE TCJA'S LOWERING OF THE FEDERAL INCOME TAX RATE FROM 35% TO 21%

(1) DEFERRED REVENUE ACCOUNT

8. As indicated above, the Commission stated that in order to quantify the economic impacts of the new lower tax rates on Kansas utilities the calculation should be based upon the difference between (1) the cost of service approved by the Commission in the utility's most recent rate case; and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA and said amount shall be placed in a deferred revenue account.²¹ For the period of time between January 1, 2018, and

²⁰See, Exhibit A to the Joint Motion, Settlement Agreement dated March 8, 2018 ("Agreement").

²¹Order, pages 5, ¶7.

through the date on which the Commission issues an order approving the Tax Reform Credit Tariff identified in paragraph 9 of the Agreement, (anticipated by the Joint Movants to be on or before April 1, 2018) ("Accrual Period"), Atmos Energy agrees to accrue monthly, in a Deferred Revenue Account, that portion of its revenue representing the difference between: (1) the cost of service as approved by the Commission in its most recent rate case, Docket No. 16- ATMG- 079- RTS ("079 Docket"); and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA. The Joint Movants agree that the estimated amount to be accrued in the Deferred Revenue Account shall be \$1.13 million, including interest, for the period of January 1, 2018 thru March 31, 2018. The Joint Movants further agree that the interest rate applied to the amount in the Deferred Revenue Account shall be calculated at the rate being used for interest paid on customer deposits, which is currently 1.62%. The disposition of the amount in the Deferred Revenue Account, plus interest, shall be included in the Tax Reform Credit Tariff discussed in Paragraph 9 of the Agreement for a one-year period (April 1, 2018, thru March 31, 2019). Based upon Atmos Energy's interpretation of the Commission's Order, if Atmos Energy believes that other components of its cost of service have offset the decrease in its income tax expenses during the Accrual Period than it will have the ability during the general rate case to file such information and supporting data with the Commission to support its belief. Under the Agreement, Atmos Energy reserves its right to provide information and supporting data to the Commission in its next general rate case to show other components of its cost of service offset the decrease in its income tax expenses during the Accrual Period and its right to request that all or a portion of the Deferred Revenue Account being credited to customers under the Agreement be credited back to Atmos Energy in some fashion to account for the other components of its cost of service that offset the decrease in its income tax expenses. In entering into the

Agreement, Staff and CURB reserve their rights to challenge any effort made by Atmos Energy to contend that other components of its cost of service should be used to offset the decrease in Atmos Energy's income tax expenses during the Accrual Period. For clarification purposes, Atmos Energy's ability to make a claim that other components of its cost of service have offset the decrease in its income tax expenses shall be limited to the Accrual Period. This is because the Joint Movants have agreed upon a plan relating to the cost of service tax savings which shall take effect upon approval of that plan by the Commission, and which will effectively end Atmos Energy's obligation to continue to fund the Deferred Revenue Account. A copy of Atmos Energy's calculation of the amount being placed in the Deferred Revenue Account, with interest, is attached to the Agreement as Appendix 1. Said calculation has been reviewed and verified by Staff.

(2) TAX REFORM CREDIT TARIFF/ANNUAL TAX REFORM CREDIT AMOUNT

9. The Agreement attached to this Joint Motion includes Atmos Energy's proposed Tax Reform Credit Tariff. The Tax Reform Credit Tariff contains a provision to provide a monthly credit to all of Atmos Energy's customers for that portion of the annual revenue requirement representing the difference between: (1) the cost of service as approved by the Commission in its most recent rate case; and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA ("Cost of Service Credit"). The Tax Reform Credit Tariff shall also include a credit to reflect the tax rate change for the GSRS surcharge ("GSRS Credit"). The Joint Movants agree that the annual Cost of Service Credit is approximately three million dollars (\$3,002,308) and the annual GSRS Credit is approximately seventy-five thousand dollars (\$75,200) (collectively the "Annual Tax Reform Credit Amount"). The Annual Tax Reform Credit Amount shall be allocated among Atmos Energy's customer classes based upon the customer class allocations approved in Atmos Energy's

last rate case (079 Docket) and shall be allocated between a fixed credit and volumetric credit as set forth below in paragraph 10. The Tax Reform Credit Tariff shall include an annual true-up provision. The amount in the Deferred Revenue Account shall also be credited beginning April 1, 2018 and be returned on a monthly basis through March 31, 2019, under the Tax Reform Credit Tariff, using the same allocation method. Subject to the true-up provision, the Tax Reform Credit Tariff shall be reset to zero when Atmos Energy's base rates are reset to account for the difference between the 35% and 21% tax rate in its next general rate case. A copy of the Tax Reform Credit Tariff is attached to the Agreement as Appendix 3. A copy of Atmos Energy's calculation of the Cost of Service Credit, GSRS Credit, and Annual Tax Reform Credit Amount is attached to the Agreement as Appendix 2. The Staff has reviewed and has verified said calculations.

B. ANNUAL TAX REFORM CREDIT AMOUNT TO ATMOS ENERGY'S CUSTOMERS

10. Under the terms of the Agreement, the Joint Movants agree that Atmos Energy shall establish a Cost of Service Credit rate, exclusive of the amount in the Deferred Revenue Account, on a monthly basis, by providing Atmos Energy's customers a fixed monthly separate line bill credit beginning in April, 2018, for 54% of the tax savings, and a separate line volumetric credit for the remaining 46% of the Cost of Service Credit relating to the annual tax savings, so that Cost of Service Credit from April 2018 forward would be reflected on customer bills until the tax savings are included in base rates following a final order in a general rate case filing.²² The 54% and 46% allocations of the tax savings between the fixed bill credit and the volumetric credit roughly tie to the percentage allocations in Atmos Energy's last rate case for the amount of total non-gas or non-PGA costs recovered through the monthly customer charge (54%) and the amount of total costs

²²Agreement, pages 7-8, ¶10.

recovered through the commodity charge (46%).²³ The Joint Movants agree that the allocation of the tax savings between the bill credit and the volumetric credit will reasonably assign the refund to customers within each class so customers who use more gas and pay more of the revenue, and thus, more of the utility's tax expense, will receive an appropriate amount of the tax refund.²⁴ The GSRS Credit will be provided to Atmos Energy's customers as part of and included in the fixed monthly separate line credit that is referred to on the bill as the "Tax Reform Credit."

11. Appendix 4 of Exhibit A to this Motion, shows how the Cost of Service Credit rate is allocated between customer classes and then allocated to the fixed monthly separate line bill credit and the volumetric credit. Each Atmos Energy's residential customer will receive an average annual reduction or credit of \$18.56 for the Annual Tax Reform Credit and an average annual reduction or credit of \$6.86 for the one-year Deferred Revenue Account.²⁵

12. Under the Agreement, the Cost of Service Credit rate and GSRS Credit included in the Tax Reform Act Tariff will also be provided to the Atmos Energy's customers in each succeeding month following 2018 until Atmos Energy's base rates are changed in its next rate case. At that point in time, the tax savings will be reflected in the new base rates for the benefit of the customers and subject to reflecting any true-up under the tariff. The tariff rate shall then be reset to \$0 and remain available for any future federal income tax law changes.²⁶

C. TAX SAVINGS RELATING TO EXCESS ADIT

13. As indicated above, the Commission in its Order stated its intent was also to capture

²³Agreement, pages 7-8, ¶10.

²⁴Agreement, pages 7-8, ¶10.

²⁵Agreement, page 8, ¶11.

²⁶Agreement, page 8, ¶12.

tax savings relating to excess ADIT for the benefit of customers using a methodology that is consistent with the tax normalization requirements specified in the tax legislation or IRS Normalization Rules.²⁷ Under the Agreement, Atmos Energy has indicated that it will establish a regulatory liability to account for and capture tax savings relating to excess ADIT and will provide evidence of such to Staff and CURB.²⁸ Subject to the provisions in the Agreement, Joint Movants have agreed to defer any issues regarding the amount of tax savings relating to excess ADIT and how those savings should be passed on to customers to Atmos Energy's next general rate case filing with the understanding and concurrence by the Joint Movants that Atmos Energy's customers are entitled to the benefits of the tax savings relating to the utility's excess ADIT.²⁹ The other provisions in the Agreement relating to the treatment of excess ADIT in Atmos Energy's next rate case are as follows:

a. The Joint Movants agree that all fixed asset-related excess deferred taxes (both protected and unprotected) shall be reflected in rates utilizing the Reverse South Georgia method.

b. The Joint Movants further agree that with respect to excess deferred taxes, it may be appropriate in accounting for the excess deferred taxes that Atmos Energy book an estimate of the excess deferred taxes that can then be trued-up after the end of Atmos Energy's fiscal year, which ends on September 30, 2018.

14. Joint Movants also agree Atmos Energy's excess ADIT as of December 31, 2017,

²⁷Order, page 6, ¶18.

²⁸Agreement, page 9, ¶13.

²⁹Agreement, page 9, ¶13.

will not be amortized for ratemaking purposes until the excess ADIT is reflected in base rates approved by the Commission in Atmos Energy's next general rate case filing.³⁰ Under the provisions of the GSRS statute (K.S.A. 66-2203), in order for Atmos Energy to retain its GSRS surcharge it is required to file a general rate case every five years unless it obtains approval from the Commission for an additional one year extension. Atmos Energy's last general rate case was decided by the Commission on March 17, 2016. Therefore, if Atmos Energy wishes to continue to retain its ability to use the GSRS surcharge it will be required to file its next general rate case within the time restrictions set forth in the GSRS statute and shall agree to reflect the tax savings related to the excess ADIT in said rate case filing.³¹

D. THE GENERAL PROVISIONS IN THE AGREEMENT ARE CONSISTENT WITH THE COMMISSION'S ORDER TO EVALUATE TAX SAVINGS REFUNDS ON A CASE-BY-CASE BASIS

15. As indicated above, the Commission in its Order stated it intended to evaluate tax savings refunds on a case-by-case basis so that affected utilities are neither positively nor negatively impacted by the passage of the TCJA.³² The Agreement attached to this Motion contains provisions consistent with the Commission's Order to evaluate tax savings refunds on a case-by-case basis. The Joint Movants agree the terms in the Agreement, if approved by the Commission, shall apply only to Atmos Energy' tax refund plan and shall not be binding on Staff, CURB or the Commission in reviewing or approving any TCJA tax refund plan submitted by any other public utility in this docket or ordered by the Commission in this or any other docket.³³

³⁰Agreement, pages 9-10, ¶14.

³¹Agreement, page 10, ¶14.

³²Order, page 7, ¶11.

³³Agreement, page 10, ¶15.

Under the Agreement, Staff and CURB specifically reserve their respective rights to make all arguments and to take positions that are different than what they have agreed to in the Agreement for Atmos Energy' TCJA tax refund plan with respect to TCJA tax refund plans submitted by other public utilities for approval by the Commission.³⁴ Finally, the Agreement contains a provision that indicates the Joint Movants represent to the Commission that the terms are consistent with the requirements set forth in the Commission's Order issued in this docket and constitute a fair and reasonable resolution of the issues the Commission set forth in its Order.³⁵

III. THE TERMS OF THE AGREEMENT SATISFY THE FIVE FACTORS THAT THE COMMISSION CONSIDERS WHEN REVIEWING A PROPOSED SETTLEMENT

16. Joint Movants submit that the Agreement satisfies the five factors that the Commission considers when reviewing a proposed settlement agreement. As the Commission is aware, the five factors the Commission considers when reviewing proposed settlement agreements are as follows:

- (a) whether there was an opportunity for the opposing party to be heard on their reasons for opposition to the Agreement;
- (b) whether the Agreement is supported by substantial competent evidence;
- (c) whether the Agreement conforms with applicable law;
- (d) whether the Agreement results in just and reasonable rates; and
- (e) whether the results of the Agreement are in the public interest.³⁶

A. THERE WAS AN OPPORTUNITY FOR THE OPPOSING PARTIES TO BE HEARD ON THEIR

³⁴Agreement, page 10, ¶16.

³⁵Agreement, pages10-11, ¶18.

³⁶Docket No. 08-ATMG-280-RTS, Order Approving Contested Settlement Agreement, issued May 12, 2012, paragraph 11.

REASONS FOR OPPOSITION TO THE AGREEMENT

17. As it relates to Atmos Energy' TCJA tax savings refund plan, and taking into account the fact that the Agreement limits its applicability to only the Atmos Energy' plan and is not binding or precedential as to TCJA tax savings refund plans submitted by other public utilities, the Joint Movants who have signed the Agreement represent those persons who will be subject to and receive the benefits of Atmos Energy' TCJA tax savings plan. Atmos Energy represents its customers, employees and shareholders. CURB represents the residential and small commercial customers. Staff represents the public generally. The Agreement addresses all issues between Staff, CURB and Atmos Energy. Representatives from Atmos Energy, Staff and CURB participated in the settlement negotiations on February 8, 2018. A settlement of all issues was reached by the Joint Movants resulting in the Agreement attached as Exhibit A which is being filed with this Motion. All persons having an interest in Atmos Energy' TCJA tax savings plan have been represented, have had an opportunity to be heard, and all concur with respect to the terms of the Agreement. Therefore, this factor has been met.

B. THE AGREEMENT IS SUPPORTED BY SUBSTANTIAL COMPETENT EVIDENCE

18. There is substantial competent evidence in the record to support the Agreement reached by the Joint Movants. Atmos Energy, Staff and CURB intend to submit pre-filed testimony in support of the Agreement no later than March 16, 2018. That testimony will show that the Agreement reached by the Joint Movants complies with all of the instructions set forth in the Order issued by the Commission in this docket, is consistent with the intent set forth by the Commission in its Order and results in a TCJA tax savings refund plan that is fair and reasonable.

C. THE AGREEMENT CONFORMS WITH APPLICABLE KANSAS LAW

19. The Agreement was fully and fairly negotiated and will result in just and reasonable

rates for Atmos Energy' customers. Kansas law recognizes a strong policy favoring and encouraging settlements.³⁷ Standards for reviewing the reasonableness of a settlement agreement require the Commission to make a finding, supported by substantial competent evidence from a review of the record as a whole, that the settlement will establish just and reasonable rates.³⁸ That standard is met in this case.

20. In reaching the Agreement, Atmos Energy, Staff and CURB relied upon the instructions set forth in the Commission's Order, as well as, the Commission's expressed intent in said Order and submit that the Agreement reached by them complies with both those instructions and intent, and thus, conforms with Kansas law.

D. THE AGREEMENT WILL RESULT IN JUST AND REASONABLE RATES

21. Kansas case law dealing with utility rate cases indicates the "just and reasonable" standard coincides with the "zone of reasonableness" test adopted by the Kansas courts. The "just and reasonable" standard was first outlined by the United States Supreme Court.³⁹ The Court emphasized that when evaluating whether rates are just and reasonable, the focus of inquiry is properly on the end result or "total effect" of the rate order, rather than on the specific rate-setting method employed. In addition, the Hope case was followed by another Supreme Court case,⁴⁰ which found the Natural Gas Act's articulated "just and reasonable" standard.

³⁷*Bright v. LSI Corp.*, 254 Kan. 853, 858, 869 P.2d 686 (1994).

³⁸*Farmland Industries v. Kansas Corporation Commission*, 24 Kan.App.2d 172, 186-188, 943 P.2d 470 (1997); *Citizens' Utility Ratepayer Board v. State Corp. Comm'n of the State of Kansas*, 28 Kan. App. 2d 313, 316-317, 16 P. 3rd 319 (Kan.App.2000).

³⁹*Power Comm'n v. Hope Gas Co.*, 320 U.S. 591, 64 S.Ct. 281, 88 L.Ed. 333 (1944).

⁴⁰*Permian Basin Area Rate Cases*, 390 U.S. 747, 770, 88 S.Ct. 1344, 20 L.Ed. 2d 312, reh denied 392 U.S. 917, 88 S.Ct. 2050 (1968).

22. Applying these standards to the Agreement, the agreed-upon TJCA tax savings refund plan complies with the Commission's Order issued in this docket and is consistent with Kansas law regarding the reasonableness of rates. The Kansas Supreme Court has discussed the "zone of reasonableness" as it applies to the Commission's ratemaking function as follows:

There is an elusive range of reasonableness in calculating a fair rate of return. A court can only concern itself with the question as to whether a rate is so unreasonably low or so unreasonably high as to be unlawful. The in-between point, where the rate is most fair to the utility and its customers, is a matter for the State Corporation Commission's determination.⁴¹

23. Atmos Energy' TCJA tax savings refund plan is supported by substantial competent evidence and results in just and reasonable rates. The tax savings refund plan also satisfies the balancing test aspect of the zone of reasonableness evaluation because it appropriately takes into account the reduction in federal income tax expense included in Atmos Energy' current cost of service as a result of the TCJA and passes those cost savings to Atmos Energy' customers in a fair and reasonable manner. Each Joint Movant carefully considered the instructions and intent expressed by the Commission in its Order opening this docket and followed said instructions and intent in reaching the Agreement being submitted for approval by the Commission.

E. THE AGREEMENT IS IN THE PUBLIC INTEREST

24. Atmos Energy, Staff and CURB each has a duty to protect the interest of the party it represents. Atmos Energy has a duty to its customers, employees and shareholders. The Staff and the Commission are in the unique position of being required to weigh and balance the interests of the company, the customers, and the public generally. CURB represents the interests of residential and small commercial customers. As referenced in the *Kansas Gas & Electric* case, "the focus of the

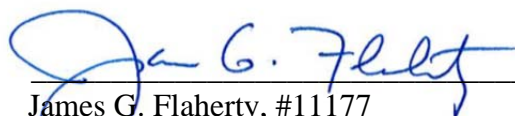
⁴¹*Southwestern Bell Tel. Co. v State Corporation Commission*, 192 Kan. 39, 41,386 P. 2d 515 (1963).

inquiry (in setting "just and reasonable" rates) is properly on the end result or "total effect" of the rate order, rather than upon the rate-setting employed. The "total effect" of the terms of the Agreement results in just and reasonable rates and represents an equitable balancing of the interests impacted by the Agreement. Thus, the Agreement is in the public interest and should be approved by the Commission in its entirety.

IV. TESTIMONY IN SUPPORT OF THE AGREEMENT

25. The Joint Movants are filing testimony in support of the Agreement by no later than March 16, 2018. The testimony will address the five factors the Commission considers when evaluating an Agreement. Because the Joint Movants wish to have Atmos Energy pass through the tax savings to its customers as soon as possible, the Joint Movants do not believe that a hearing on this Agreement is necessary. To the extent necessary, Joint Movants waive their respective rights to have a hearing on the Agreement. Joint Movants submit that based upon the Staff's R&R, Commission Order and the pre-filed testimony submitted by the Joint Movants in support of the Agreement, there is substantial competent evidence in the record to allow the Commission to approve the Agreement without the need for a hearing in this matter.

WHEREFORE, for the reasons set forth herein, Atmos Energy, Staff and CURB request that this Joint Motion be granted and that the Agreement attached hereto be approved.



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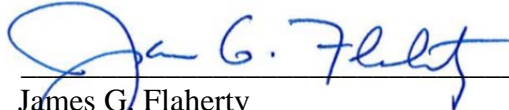
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VERIFICATION

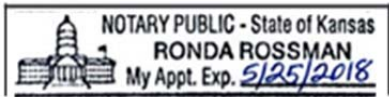
STATE OF KANSAS, COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is the attorney for Atmos Energy, named in the foregoing Joint Motion for Approval of Atmos Energy's Tax Reform Plan, and is duly authorized to make this affidavit; that he has read the foregoing Joint Motion, and knows the contents thereof; and that the facts set forth therein are true and correct.


James G. Flaherty

SUBSCRIBED AND SWORN to before me this 8th day of March, 2018.




Notary Public

Appointment/Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via U. S. Mail, postage prepaid, hand-delivery, or electronically, this 9th day of March, 2018, addressed to:

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EXHIBIT A

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

In the Matter of a General Investigation)
Regarding the Effect of Federal Income Tax)
Reform on the Revenue Requirements of)
Kansas Public Utilities and Request to Issue an)
Accounting Authority Order Requiring Certain)
Regulated Public Utilities to Defer Effects of)
Tax Reform to a Deferred Revenue Account.)

Docket No. 18-GIMX-248-GIV

SETTLEMENT AGREEMENT

Atmos Energy Corporation ("Atmos Energy"), the Staff of the Kansas Corporation Commission ("Commission") ("Staff") and the Citizens' Utility Ratepayer Board ("CURB") (collectively "Joint Movants"), pursuant to K.A.R. 82-1-230a, enter into the following Settlement Agreement ("Agreement"), which if approved by the Commission would address all issues in the above-captioned docket as it relates to Atmos Energy.

I. BACKGROUND

1. On December 14, 2017, Staff filed a Motion to Open a General Investigation and Issue Accounting Authority Order Regarding Federal Tax Reform ("Staff Motion"). Staff attached a Report and Recommendation ("Staff's R&R") to the Staff Motion, which recommended the Commission issue an Order addressing the following:

- a. Opening a general investigation for the purpose of examining the financial impact of anticipated federal income tax reform on regulated public utilities operating in Kansas;
- b. Requiring, through the use of an Accounting Authority Order ("AAO"), certain regulated public utilities that are taxed at the corporate level, which included Atmos Energy, to track and accumulate in a deferred revenue account, with interest compounded

monthly at the most current Commission-approved customer deposit interest rate, the reduction in their regulated cost of service that would occur in the event that a new lower federal income tax rate is signed into law. These deferrals should take effect at the same time as the new federal corporate tax rate change and the calculations should be performed using the cost of service data that was used to set the utilities' last Commission-approved revenue requirement (including any line-item surcharges that contain a provision for regulated income tax expense); and

c. Confirming that the Commission's intention regarding the AAO is to preserve any potential tax benefits so that they may be evaluated in the context of a comprehensive evaluation of the reasonableness of the utilities' rates as well as notifying utilities that this portion of their rates should be considered interim subject to refund until the Commission has the opportunity to review the reasonableness of the utilities' rates on a comprehensive and case-by-case basis and confirming that the Commission intends to capture the reduction in Accumulated Deferred Income Tax ("ADIT") balances that will occur in the event that a lower corporate federal income tax rate takes effect, over time, in a manner that comports with Internal Revenue Services ("IRS") Tax Normalization Rules.

2. The Staff Report referred to and provided a copy of the order issued by the Commission in Docket No. 155,094-U dated March 18, 1987, relating to the effects of the Federal Tax Reform Act of 1986 ("1987 Order") and suggested that its recommendation in the current docket was consistent with the 1987 Order.

3. On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law. Among other things, the TCJA reduced the federal corporate income tax rate from 35% to 21% beginning on January 1, 2018.

4. On December 22, 2017, CURB filed a Petition to Intervene and a Response in Support of Staff's Motion.

5. On January 18, 2018, the Commission issued its *Order Opening General Investigation and Issuing Accounting Authority Order Regarding Federal Tax Reform* ("Order").

In said Order the Commission made the following findings and conclusions:

a. The TCJA has the potential to significantly reduce the cost of service for many utilities operating in Kansas since tax expenses are recovered in rates.

b. A significant reduction to the corporate tax rate may also impact the ADIT Liabilities and Assets on the regulated books of utilities.

c. An investigation into the impact of the TCJA on utility rates is warranted.

d. The 1987 Order issued by the Commission relating to the effects of the Federal Tax Reform Act of 1986, is informative but not precedential.

e. The purpose of the investigation is to quantify the economic impacts of the new lower tax rates on Kansas utilities, and where appropriate, direct that any cost savings be passed on to Kansas utility customers.

f. All regulated public utilities that are taxable at the corporate level are directed to accrue monthly, in a deferred revenue account, the portion of its revenues representing the difference between (1) the cost of service approved by the Commission in its most recent rate case; and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA.

g. Taxable utilities operating in Kansas are notified that the portion of their regulated revenue stream that reflects higher corporate tax rates should be considered

interim and subject to refund, with interest calculated at the rate being used for interest paid on customer deposits, until the Commission can more fully evaluate on a case-by-case basis the impact of the TCJA.

h. Upon the Commission completing its case-by-case evaluation, if it is determined that a rate decrease is proper and would have been proper as of the January 1, 2018, effective date of the TCJA, any excessive collections in the deferred revenue subaccount, or other appropriate tracking mechanism approved by the Commission, with appropriate adjustments, shall be refundable to customers with interest. Any balance remaining in the account shall be credited to the utility's operating revenue.

i. The Commission intends to capture excess ADIT for the benefit of customers using a methodology that is consistent with the tax normalization requirements specified in the tax legislation or IRS Tax Normalization Rules, as applicable.

j. Any affected utility that believes other components of their cost of service have more than offset the decrease in its income tax expenses will have the ability to file such information and supporting data with the Commission, to be considered on a case-by-case basis. The Commission's intention here is not to materially impact regulated utilities' profitability, but rather, ensure that the affected utilities are neither positively nor negatively impacted by the passage of federal income tax reform.

k. The Commission adopts the Staff's R&R and incorporates it into the Order.

6. On January 31, 2018, Atmos Energy filed its entry of appearance in this docket.

7. On February 8, 2018, the Joint Movants met in Topeka to discuss and attempt to reach agreement to quantify the economic impacts of the new lower tax rates on Atmos Energy' Kansas operations based upon the instructions provided by the Commission in its Order and how

cost savings related to the lower tax rates should be passed on to Atmos Energy' Kansas customers with interest. The Joint Movants also discussed how Atmos Energy should capture excess ADIT for the benefit of its customers using a method that is consistent with the tax normalization requirements specified in the tax legislation or IRS Normalization Rules, as applicable. As a result of said meeting and follow-up discussions among the Joint Movants, the Joint Movants were able to reach the following Agreement.

II. TERMS OF AGREEMENT

A. REDUCTION IN FEDERAL INCOME TAX EXPENSE INCLUDED IN ATMOS ENERGY' COST OF SERVICE RESULTING FROM THE TCJA'S LOWERING OF THE FEDERAL INCOME TAX RATE FROM 35% TO 21%

(1) DEFERRED REVENUE ACCOUNT

8. As indicated above, the Commission stated that in order to quantify the economic impacts of the new lower tax rates on Kansas utilities the calculation should be based upon the difference between (1) the cost of service approved by the Commission in the utility's most recent rate case; and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA and said amount shall be placed in a deferred revenue account. For the period of time between January 1, 2018, and through the date on which the Commission issues an order approving the Tax Reform Credit Tariff identified in paragraph 9 of this Agreement, (anticipated by the Joint Movants to be on or before April 1, 2018) ("Accrual Period"), Atmos Energy agrees to accrue monthly, in a Deferred Revenue Account, that portion of its revenue representing the difference between: (1) the cost of service as approved by the Commission in its most recent rate case, Docket No. 16- ATMG- 079- RTS ("079 Docket"); and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate in the TCJA. The Joint Movants agree that

the estimated amount to be accrued in the Deferred Revenue Account shall be \$1.13 million, including interest, for the period of January 1, 2018 thru March 31, 2018. The Joint Movants further agree that the interest rate applied to the amount in the Deferred Revenue Account shall be calculated at the rate being used for interest paid on customer deposits, which is currently 1.62%. The disposition of the amount in the Deferred Revenue Account, plus interest, shall be included in the Tax Reform Credit Tariff discussed in Paragraph 9 of this Agreement for a one-year period (April 1, 2018 - March 31, 2019). As set forth in the Commission's Order, if a utility believes that other components of its cost of service have offset the decrease in its income tax expenses than it will have the ability during a general rate case to file such information and supporting data with the Commission to support its belief. In entering into this Agreement, Atmos Energy reserves its right in its next general rate case to provide the Commission with such information and supporting data to show other components of its cost of service have offset the decrease in its income tax expenses during the Accrual Period and its right to request that all or a portion of the Deferred Revenue Account being credited to customers under this Agreement be credited back to Atmos Energy in some fashion to account for the other components of its cost of service that offset the decrease in its income tax expenses. In entering into this Agreement, Staff and CURB also reserve their rights to challenge any effort made by Atmos Energy to contend that other components of its cost of service should be used to offset the decrease in Atmos Energy's income tax expenses during the Accrual Period. For clarification purposes, Atmos Energy's ability to make a claim that other components of its cost of service have offset the decrease in its income tax expenses shall be limited to the Accrual Period. This is because the Joint Movants have agreed upon a plan relating to the cost of service tax savings in this Agreement, which shall take effect upon approval by the Commission of this Agreement, and which will effectively end Atmos Energy's obligation to continue to fund the

Deferred Revenue Account. A copy of Atmos Energy's calculation of the amount being placed in the Deferred Revenue Account, with interest, is attached to this Agreement as Appendix 1. Said calculation has been reviewed and verified by Staff.

(2) TAX REFORM CREDIT TARIFF/ANNUAL TAX REFORM CREDIT AMOUNT

9. This Agreement includes Atmos Energy's proposed Tax Reform Credit Tariff. The Tax Reform Credit Tariff contains a provision to provide a monthly credit to all of Atmos Energy's customers for that portion of the annual revenue requirement representing the difference between: (1) the cost of service as approved by the Commission in its most recent rate case; and (2) the cost of service that would have resulted had the provision for federal income taxes been based upon the corporate income tax rate approved in the TCJA ("Cost of Service Credit"). The Tax Reform Credit Tariff also includes a credit to reflect the tax rate change for the GSRS surcharge ("GSRS Credit"). The Joint Movants agree that the annual Cost of Service Credit is approximately three million dollars (\$3,002,308) and the annual GSRS Credit is approximately seventy-five thousand dollars (\$75,210) (collectively the "Annual Tax Reform Credit Amount"). The Annual Tax Reform Credit Amount shall be allocated among Atmos Energy's customer classes based upon the customer class allocations approved in Atmos Energy's last rate case (079 Docket) and shall be allocated between a fixed credit and volumetric credit as set forth below in paragraph 10 of this Agreement. The Tax Reform Credit Tariff shall include an annual true-up provision. The amount in the Deferred Revenue Account shall be also credited to customers beginning April 1, 2018 and be returned on a monthly basis through March 31, 2019 under the Tax Reform Credit Tariff, using the same allocation method. Subject to the true-up provision, the Tax Reform Credit Tariff shall be reset to zero when Atmos Energy's base rates are reset to account for the difference between the 35% and 21% tax rate in its next general rate case. A copy of the Tax Reform Credit Tariff is attached to

this Agreement as Appendix 3. A copy of Atmos Energy's calculation of the Cost of Service Credit, GSRS Credit, and Annual Tax Reform Credit Amount is attached to this Agreement as Appendix 2. The Staff has reviewed and has verified said calculations.

B. ANNUAL TAX REFORM CREDIT AMOUNT TO ATMOS ENERGY'S CUSTOMERS

10. Under the terms of this Agreement, the Joint Movants agree that Atmos Energy shall establish the Cost of Service Credit rate, exclusive of the amount in the Deferred Revenue Account, by providing Atmos Energy's customers a fixed monthly separate line bill credit beginning in April, 2018, for 54% of the tax savings, and a separate line volumetric credit for the remaining 46% of the Cost of Service Credit rate relating to the annual tax savings, so that Cost of Service Credit from April 2018 forward would be reflected on the customer bill until the tax savings are reflected in base rates following a final order in a general rate case filing. The 54% and 46% allocations of the tax savings between the fixed bill credit and the volumetric credit roughly tie to the percentage allocations in Atmos Energy's last rate case for the amount of total non-gas or non-PGA costs recovered through the monthly customer charge (54%) and the amount of total costs recovered through the commodity charge (46%). The Joint Movants agree that the allocation of the tax savings between the bill credit and the volumetric credit will reasonably assign the refund to customers within each class so customers who use more gas and pay more of the revenue, and thus, more of the utility's tax expense, will receive an appropriate amount of the tax refund. The GSRS Credit will be provided to Atmos Energy's customers as part of and included in the fixed monthly separate line credit and referred to on the bill as the "Tax Reform Credit."

11. Appendix 4 of Exhibit A to this Motion, shows how the Cost of Service Credit rate is allocated between customer classes and then allocated to the fixed monthly separate line bill credit and the volumetric credit. Each Atmos Energy residential customer will receive an average annual

reduction or credit of \$18.56 for the Annual Tax Reform Credit and an average annual reduction or credit of \$6.86 for the one-year Deferred Revenue Account.

12. Under the Agreement, the Cost of Service Credit rate and GSRS Credit included in the Tax Reform Act Tariff will also be provided to the Atmos Energy's customers in each succeeding month following 2018 until Atmos Energy's base rates are changed in its next rate case. At that point in time, the tax savings will be reflected in the new base rates for the benefit of the customers and subject to reflecting any true-up under the tariff. The tariff rate shall then be reset to \$0 and remain available for any future federal income tax law changes.

C. TAX SAVINGS RELATING TO EXCESS ADIT

13. As indicated above, the Commission in its Order stated its intent was also to capture tax savings relating to excess ADIT for the benefit of customers using a methodology that is consistent with the tax normalization requirements specified in the tax legislation or IRS Normalization Rules. Under this Agreement, Atmos Energy has indicated that it will establish a regulatory liability to account for and capture tax savings relating to excess ADIT and will provide evidence of such to Staff and CURB. Subject to the provisions in this Agreement, Joint Movants have agreed to defer any issues regarding the amount of tax savings relating to excess ADIT and how those savings should be passed on to customers to Atmos Energy's next general rate case filing with the understanding and concurrence by the Joint Movants that Atmos Energy's customers are entitled to the benefits of the tax savings relating to the utility's excess ADIT. The other provisions in the Agreement relating to the treatment of excess ADIT in Atmos Energy's next rate case are as follows:

- a. The Joint Movants agree that all fixed asset-related excess deferred taxes (both protected and unprotected) shall be reflected in rates utilizing the Reverse South

Georgia method.

b. The Joint Movants further agree that with respect to excess deferred taxes, it may be appropriate in accounting for the excess deferred taxes that Atmos Energy book an estimate of the excess deferred taxes that can then be trued-up after the end of Atmos Energy's fiscal year, which ends on September 30, 2018.

14. Joint Movants also agree Atmos Energy's excess ADIT as of December 31, 2017, will not be amortized for ratemaking purposes until the excess ADIT is reflected in base rates approved by the Commission in Atmos Energy's next general rate case filing. Under the provisions of the GSRS statute (K.S.A. 66-2203), in order for Atmos Energy to retain its GSRS surcharge it is required to file a general rate case every five years unless it obtains approval from the Commission for an additional one year extension. Atmos Energy's last general rate case was decided by the Commission on March 17, 2016. Therefore, if Atmos Energy wishes to continue to retain its ability to use the GSRS surcharge it will be required to file its next general rate case within the time restrictions set forth in the GSRS statute and Atmos Energy agrees to reflect the tax savings relating to the excess ADIT in that next general rate case filing.

D. GENERAL PROVISIONS

15. The Joint Movants agree the terms in this Agreement, if approved by the Commission, shall apply only to Atmos Energy's tax refund plan and shall not be binding on Staff, CURB or the Commission in reviewing or approving any TCJA tax refund plan submitted by any other public utility in this docket or ordered by the Commission in this or any other docket.

16. Staff and CURB specifically reserve their respective rights to make all arguments and to take positions that are different than what they have agreed to in this Agreement for Atmos

Energy's TCJA tax refund plan with respect to TCJA tax refund plans submitted by other public utilities for approval by the Commission.

17. Nothing in this Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that Atmos Energy is providing efficient and sufficient service at just and reasonable rates.

18. This Agreement represents a negotiated settlement that resolves the issues in this docket as it relates to Atmos Energy only. The Joint Movants represent that the terms of the Agreement constitute a fair and reasonable resolution of the issues addressed herein as they relate to Atmos Energy only. Except as specified herein, the Joint Movants shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement in the instant proceeding. If the Commission accepts this Agreement in its entirety and incorporates the same into a final order without material modification, the Joint Movants shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

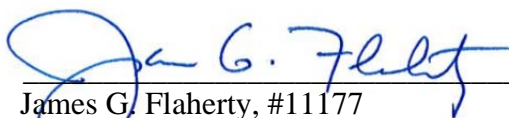
19. The provisions contained in this Agreement have resulted from negotiations among the Joint Movants and are interdependent. In the event the Commission does not approve and adopt the terms of this Agreement in total, it shall be voidable and none of the Joint Movants shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in such event, this Agreement shall be considered privileged and not admissible in evidence and shall be withdrawn from the record in this proceeding and not made a part of the record in any other

proceeding.

E. TESTIMONY IN SUPPORT OF THE AGREEMENT

20. The Joint Movants agree to file testimony in support of this Agreement by no later than March 16, 2018. The testimony will address the five factors the Commission considers when evaluating a settlement agreement. Because Joint Movants wish to have Atmos Energy pass through the tax savings to customers as soon as possible, and because the Joint Movants are in agreement with respect to Atmos Energy's tax savings refund plan, the Joint Movants do not believe that a hearing on this Agreement is necessary, and therefore to the extent necessary, waive their respective rights to have a hearing on this Agreement. Joint Movants submit that based upon the Staff's R&R, Commission Order and the pre-filed testimony submitted by the Joint Movants in support of this Agreement, there is substantial competent evidence in the record to allow the Commission to approve this Agreement without the need for a hearing in this matter.

This Agreement is entered into this 8th day of March, 2018.



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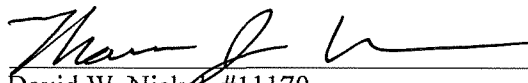
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Appendix 1

Atmos Energy
Projected Effect of Lower FIT Cost of Service on 2018 Gross Margin

Docket No. 18-GIMX-248-GIV
Appendix 1

Line #		Jan-18	Feb	Mar	Sub-Total	Interest ^[1]	Total Deferred Revenue Account
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	GSRS (18-ATMG-218-TAR)			\$ (6,268)	\$ (6,268)	\$ (63)	\$ (6,331)
2	GSRS (17-ATMG-141-TAR)	\$ (3,075)	\$ (3,075)		\$ (6,151)	\$ (74)	\$ (6,225)
3	General	(400,215)	(377,723)	(326,678)	(1,104,616)	(13,919)	(1,118,535)
4	Total KS	\$ (403,290)	\$ (380,799)	\$ (332,945)	\$ (1,117,034)	\$ (14,056)	\$ (1,131,090)
Notes							
1	Customer Deposit Rate	1.62%					

Appendix 2

Atmos Energy
Tax Reform Credit - Impact on cost of service rates

Docket No. 18-GIMX-248-GIV
Appendix 2

Line #	Line Description (a)	Kansas Base Rates (b)	Kansas GSRS (18-218) (c)	Kansas GSRS (17-141) (d)
1	Pre-2018 FIT			
2	Test Period End	9/30/2015	9/30/2017	9/30/2016
3	Rate Base	200,532,539	12,514,332	6,633,192
4	Debt Capitalization	43.88%	43.88%	43.88%
5	Equity Capitalization	56.12%	56.12%	56.12%
6	Debt Cost	5.90%	5.90%	5.90%
7	Equity Cost	9.10%	9.10%	9.10%
8	Debt Weighted Cost	2.59%	2.59%	2.59%
9	Equity Weighted Cost	5.11%	5.11%	5.11%
10	After tax ROR	7.70%	7.70%	7.70%
11	After Tax Rate of Return	15,432,984	963,103	510,490
12	Interest deduction	(5,191,787)	(323,996)	(171,733)
13	Equity Portion of Return	10,241,197	639,107	338,757
14	Application of Composite Tax Rate to Net Income Before Taxes	4,050,393	252,767	133,978
15	State Tax Rate	7.00%	7.00%	7.00%
16	Federal Tax Rate	35.00%	35.00%	35.00%
17	Composite Tax Rate	39.55%	39.55%	39.55%
18	Tax Expansion	1.6543	1.6543	1.6543
19	Total Income Tax Liability	6,700,403	418,142	221,634
20	Post-2018 FIT			
21	Application of Composite Tax Rate to Net Income Before Taxes	2,716,990	169,555	89,872
22	State Tax Rate	7.00%	7.00%	7.00%
23	Federal Tax Rate	21.00%	21.00%	21.00%
24	Composite Tax Rate	26.53%	26.53%	26.53%
25	Tax Expansion	1.3611	1.3611	1.3611
26	Total Income Tax Liability	3,698,095	230,781	122,325
27				
28	Cost of Service & GSRS Credit	(3,002,308)	(187,361)	(99,309)
29	Adjustment for \$0.40 residential cap		112,151	62,403
30				
31	Total	(3,002,308)	(75,210)	(36,906)
32				
33	Tax Reform Annual Credit		(3,077,518)	
34				

Sources:

KS Docket No. 16-ATMG-079-RTS - Staff Model
KS Docket No. 18-ATMG-214-TAR - Final
KS Docket No. 17-ATMG-141-TAR - Final

Appendix 3

THE STATE CORPORATION COMMISSION OF KANSAS**ATMOS ENERGY CORPORATION**

(Name of Issuing Utility)

SCHEDULE IX Tax Reform Credit**ENTIRE SERVICE AREA**

(Territory to which Schedule is applicable)

No Supplement or separate understanding
shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

Tax Reform Credit**APPLICABILITY**

This rider is applicable to every bill for service provided under each of the Company's sales and transportation rate schedules except where not permitted under a separately negotiated contract with a customer.

RATE

The Tax Reform surcharge (credit) shall be applied to each monthly bill. The surcharge (credit) shall be as follows:

Customer Class	Facility Charge	Commodity Charge
Residential (910):	(\$0.87)	(\$0.01011) / ccf
Commercial and Public Authority (915):	(\$2.52)	(\$0.00732) / ccf
Schools (920):	(\$4.11)	(\$0.00633) / ccf
Industrial Firm (930):	(\$9.94)	(\$0.00509) / ccf
Small Generator Service (940):	(\$1.29)	(\$0.46274) / ccf
Irrigation Engine (965):	(\$10.27)	(\$0.00338) / ccf
Industrial Interruptible (IT900):	(\$91.62)	(\$0.00222) / ccf
School Firm Transportation (920):	(\$7.76)	(\$0.00570) / ccf
Firm Transportation (FT900):	(\$39.36)	(\$0.00373) / ccf
Transportation (FT900):	(\$39.36)	(\$0.00373) / ccf

The Deferred Revenue Account surcharge (credit) shall also be applied to each monthly bill from April 1, 2018 through March 31, 2019. The surcharge (credit) shall be as follows:

Customer Class	Facility Charge	Commodity Charge
Residential (910):	(\$0.32)	(\$0.00376) / ccf
Commercial and Public Authority (915):	(\$0.91)	(\$0.00274) / ccf
Schools (920):	(\$1.48)	(\$0.00237) / ccf
Industrial Firm (930):	(\$3.67)	(\$0.00190) / ccf
Small Generator Service (940):	(\$0.45)	(\$0.17167) / ccf
Irrigation Engine (965):	(\$3.72)	(\$0.00126) / ccf
Industrial Interruptible (IT900):	(\$33.19)	(\$0.00083) / ccf
School Firm Transportation (920):	(\$2.81)	(\$0.00213) / ccf
Firm Transportation (FT900):	(\$14.27)	(\$0.00139) / ccf
Transportation (FT900):	(\$14.27)	(\$0.00139) / ccf

Issued: March 9 2018
 (Month) (Day) (Year)

Effective: Upon Commission Approval
 (Month) (Day) (Year)

By: /s/ Jennifer Ries Vice President, Rates & Regulatory Affairs
 (Signature of Officer) (Title)

THE STATE CORPORATION COMMISSION OF KANSAS**ATMOS ENERGY CORPORATION**

(Name of Issuing Utility)

SCHEDULE IX Tax Reform Credit**ENTIRE SERVICE AREA**

(Territory to which Schedule is applicable)

No Supplement or separate understanding
shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

DEFINITIONS AND CONDITIONS

1. The Tax Reform Credit and Deferred Revenue Accounting surcharge (credit) shall be allocated among customers in the same manner as approved in Docket No. 18-GIMX-248-GIV.
2. At the end of each twelve-month period, the Tax Reform Credit and Deferred Revenue Accounting surcharge (credit) is in effect, the utility shall reconcile the differences between the surcharge (credit) resulting from the Tax Reform Credit and Deferred Revenue Accounting and the appropriate surcharge (credit) as found by the Commission for that period and shall submit the reconciliation and a proposed Tax Reform Credit and/or Deferred Revenue Accounting adjustment to the Commission for approval to recover or refund the difference through adjustments of the Tax Reform Credit and/or Deferred Revenue Accounting surcharge (credit).
3. The Tax Reform Credit surcharge (credit) shall be reset to zero at the next general rate case.
4. The Deferred Revenue Accounting shall be reset to zero after March 31, 2019.
5. All provisions of this rider are subject to changes made by order of the Commission.

Issued: March 9 2018
 (Month) (Day) (Year)

Effective: Upon Commission Approval
 (Month) (Day) (Year)

By: /s/ Jennifer Ries Vice President, Rates & Regulatory Affairs
 (Signature of Officer) (Title)

Appendix 4

Line #	Description	Tax Reform Credit		Deferred Accounting	
		Facilities Charge	Commodity Rates	Facilities Charge	Commodity Rates
	(a)	(b)	(c)	(d)	(e)
	SALES:				
1	Residential Sales Service (910)	\$ (0.87)	\$ (0.01011)	\$ (0.32)	\$ (0.00376)
2	Commercial Sales Service (915)	\$ (2.52)	\$ (0.00732)	\$ (0.91)	\$ (0.00274)
3	Public Authority Sales Service (915)	\$ (2.52)	\$ (0.00732)	\$ (0.91)	\$ (0.00274)
4	School Sales Service (920)	\$ (4.11)	\$ (0.00633)	\$ (1.48)	\$ (0.00237)
5	Industrial Sales Service (930)	\$ (9.94)	\$ (0.00509)	\$ (3.67)	\$ (0.00190)
6	Small Generator Sales Service (940)	\$ (1.29)	\$ (0.46274)	\$ (0.45)	\$ (0.17167)
7	Large Industrial Sales Serv - Interruptible (955) <20,000	\$ -	\$ -	\$ -	\$ -
8	Large Industrial Sales Serv - Interruptible (955) >20,000	\$ -	\$ -	\$ -	\$ -
9	Irrigation Engine Sales Service (965)	\$ (10.27)	\$ (0.00338)	\$ (3.72)	\$ (0.00126)
10	TRANSPORTATION:				
11	Interruptible Transportation Serv - Industrial (IT900) <20,000	\$ (91.62)	\$ (0.00222)	\$ (33.19)	\$ (0.00083)
12	Interruptible Transportation Serv - Industrial (IT900) >20,000	\$ -	\$ -	\$ -	\$ -
13	Firm Transportation Serv Commercial (FT-900)	\$ (39.36)	\$ (0.00373)	\$ (14.27)	\$ (0.00139)
14	School Transportation Service Post '95 (920)	\$ (7.76)	\$ (0.00570)	\$ (2.81)	\$ (0.00213)
15	Firm Transportation Serv - Industrial (FT900)	\$ (39.36)	\$ (0.00373)	\$ (14.27)	\$ (0.00139)

Docket No. 18-GIMX-248-GIV
Appendix 4

[illegible]

