

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE IMPACT)	CASE NO.
OF THE TAX CUTS AND JOB ACT)	2018-00039
ON THE RATES OF ATMOS ENERGY CORPORATION)	

STATUS REPORT

Atmos Energy Corporation (“Atmos Energy” or “Company”) hereby files this status report in response to the Commission’s order of January 13, 2020 in this docket.

Atmos Energy was unable to initially determine its final regulatory liability balance and amortization period due to several factors, mainly stemming from the fact that the Company is not a calendar year tax filing entity. However, now that the company has filed its tax returns for fiscal year 2018, it is able to now determine the correct amount of its excess ADIT and the proper amortization period.

The final regulatory liability balance for excess deferred income taxes (“EDIT”) associated with Kentucky operations is \$35,780,760. This balance includes all adjustments necessary to incorporate the Company’s fiscal year ended September 30, 2018 activity, including true ups recorded when the Company filed its federal income tax return in the summer of 2019. The Company has calculated an amortization period of 22 years, utilizing the Reverse South Georgia Method.

Based on the EDIT and the amortization period, the Company can now compare what was returned in the following time periods based on the rates then in effect and the actual usage:

	Actually Reflected	Should have been Reflected	Difference
1. 1/1/18 – 3/18/18	\$ 0	\$ 0	\$ 0
2. 3/19/18 – 5/3/18	\$ 0	\$ 0	\$ 0
3. 5/3/18 – 5/7/19	\$ 1,471,233	\$ 1,644,222	\$ (172,989)
4. 5/7/19 – 12/31/19	\$ 975,844	\$ 1,060,501	\$ (84,657)
TOTALS	\$ 2,447,077	\$ 3,257,252	\$(257,646)¹

The amortization of the EDIT balance began when rates resulting from Docket No. 17-00349 were first implemented on May 3, 2018 in order to ensure compliance with the IRS normalization requirements. Differences from 5/3/18 through 5/7/19 and from 5/7/19 through 12/31/19 are due to variations in usage. The Company intends to increase the amount of EDIT returned to customers in its next general rate case filing in order to return the \$257,646 shortfall calculated above.

Additionally, the Company has calculated the difference of the tax refunds due to the change in tax rates owed for the period between January 1, 2018 and March 19, 2019. That amount is \$1.4 million. After interim rates went into effect, the new tax rates were appropriately reflected in Atmos Energy's rates.

¹ The calculations are based upon a straight-line amortization of the total EDIT over 22 years, and then adjusted for the number of days in each time period.

The Company believes that the most efficient way to return this amount to ratepayers is through credit calculated using the same formula methodology used for the PRP, which for residential and commercial customers would apply the credit to the customer charge only. The Company requests guidance from the Commission regarding whether this credit should be applied over a single month or three-month period. After such time as the credit is returned to ratepayers, this docket could be closed, given that the Company does not anticipate further rate impacts from the Tax Cuts and Jobs Act.