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L. Allyson Honaker
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October 25, 2024

Ms. Linda C. Bridwell, P.E.
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: *Electronic Application for Performance Based Ratemaking Mechanism* - **Case No. 2024-00205**

Dear Ms. Bridwell:

Please find attached Atmos Energy Corporation's Response to Commission Staff's Request for Information and Motion for Confidential Treatment in the above-styled case.

This is to certify that the foregoing electronic filing was transmitted to the Commission on October 25, 2024; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of this filing will be made.

If you have any questions, please let me know.

Sincerely,

L. Allyson Honaker

L. Allyson Honaker

Enclosure

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF	)	
ATMOS ENERGY CORPORATION	)	**CASE NO.**
FOR PERFORMANCE BASED	)	**2024-00205**
RATEMAKING MECHANISM	)	

ATMOS ENERGY CORPORATIONS'S MOTION FOR CONFIDENTIAL TREATMENT

Comes now Atmos Energy Corporation ("Atmos Energy"), by and through counsel, pursuant to KRS 61.878, 807 KAR 5:001, Section 13 and other applicable law, and requests that the Kentucky Public Service Commission ("Commission") afford confidential treatment to certain information filed in its Responses to Commission Staff's First Request for Information ("Staff's First Request"). In support of the motion Atmos Energy respectfully states as follows:

1. On October 11, 2024, Commission Staff issued its First Request for Information to Atmos Energy in the above styled proceeding.

2. As part of Atmos Energy's responses, Atmos Energy is providing detailed information that Atmos Energy believes is confidential and should not be publicly disclosed. Specifically, the information is being provided in Attachment 1 to Response 1, which is the PBR Summary Schedule Annual Reports in Excel format. This response is referred to as the "Confidential Information" for which confidential protection is sought.

3. The Kentucky Open Records Act and applicable precedent exempts the Confidential Information from disclosure, including KRS 61.878(1)(c)(1); *Zink v. Department of Workers Claims, Labor Cabinet,* 902 S.W.2d 825 (Ky. App. 1994); and, *Hoy v. Kentucky Industrial Revitalization* Authority, 907 S.W.2d 766, 768 (Ky. 1995). The public disclosure of the

Confidential Information would potentially harm Atmos Energy's competitive position in the marketplace which would be to the detriment of Atmos Energy. Additionally, the Confidential Information is publicly unavailable, and its confidentiality is critical to Atmos Energy's effective execution of business decisions and strategy. For these reasons, the Confidential Information satisfies both the statutory and common law standards for affording confidential treatment.

4. Request No. 1 of Staff's First Request required Atmos Energy to provide Exhibit B to the Application in Excel format. In Attachment 1 to the Response, Atmos Energy is providing the Kentucky PBR Savings June 2020-May 2024. Atmos Energy believes this information should be granted confidential treatment pursuant to KRS 61.878(1)(c)(1) because disclosure of this information would allow competitors an unfair commercial advantage because if this information is disclosed the competitors will gain information regarding Atmos Energy's gas purchases, transportation costs, and business strategies. This Commission has granted confidential treatment for this information in the past.[1]

5. Atmos Energy does not object to limited disclosure of the Confidential Information, pursuant to an acceptable confidentiality and nondisclosure agreement, to any intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case. However, as it is unknown who may or may not eventually intervene in the case, Atmos Energy reserves the right to object to sharing the Confidential Information with any party that may have a mixed-motive for accessing the Confidential Information, that may be a competitor of Atmos Energy in any market, who may have a commercial conflict of interest or for any other reason.

[1] Case No. 2020-00289, *Electronic Request of Atmos Energy Corporation for Modification and Extension of its Gas Cost Adjustment Performance Based Ratemaking Mechanism*, December 6, 2022 Order (Ky. PSC December 6, 2022).

6. In accordance with the provisions of 807 KAR 5:001, Section 13(2), Atmos Energy is providing one copy of the Confidential Information separately under seal. Since Atmos Energy is requesting confidential treatment for the entirety of the document, a redacted copy is not being provided in the public record and the copy being filed under seal with the Commission does not contain highlights. The filing of the Confidential Information is noted in the public version of Atmos Energy's response.

7. In accordance with the provisions of 807 KAR 5:001, Section 13(3), Atmos Energy respectfully requests that the documents be granted indefinite confidential protection. Given the competitive nature of the natural gas business it is necessary that the information remain confidential indefinitely.

WHEREFORE, on the basis of the foregoing, Atmos Energy respectfully requests the Commission to enter an Order granting this Motion for Confidential Treatment and to so afford such protection from public disclosure to the unredacted copies of Confidential Information, which is filed herewith under seal, for the periods set forth herein.

This the 25th day of October, 2024.

Respectfully submitted,

L. Allyson Honaker
Brittany Hayes Koenig
Heather S. Temple
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Versailles, KY 40383
(502) 223-7033
jnhughes@johnhughespsc.com

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing was transmitted to the Commission on October 25, 2024; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of the filing will be made.

Counsel for Atmos Energy Corporation

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

REQUEST OF ATMOS ENERGY CORPORATION	)	
FOR EXTENSION OF ITS GAS COST	)	
ADJUSTMENT PERFORMANCE BASED	)	**Case No. 2024-00205**
RATE MECHANICSM	)	

CERTIFICATE AND AFFIDAVIT

The Affiant, Liza Philip, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of her knowledge and belief.

Liza Philip

Liza Philip

STATE OF TEXAS

COUNTY OF DALLAS

SUBSCRIBED AND SWORN to before me by Liza Philip on this the 25th day of October, 2024.

Ashlea Thorn

Notary Public

My Commission Expires: ______________

NOTARY PUBLIC STATE OF TEXAS
ASHLEA THORN
MY COMMISSION EXPIRES
12/06/2027
NOTARY ID: 125261465

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

REQUEST OF ATMOS ENERGY CORPORATION	)	
FOR EXTENSION OF ITS GAS COST	)	
ADJUSTMENT PERFORMANCE BASED	)	**Case No. 2024-00205**
RATE MECHANICSM	)	

CERTIFICATE AND AFFIDAVIT

The Affiant, William K. Skaer, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.

William K. Skaer III

William K. Skaer

STATE OF TEXAS

COUNTY OF DALLAS

SUBSCRIBED AND SWORN to before me by William K. Skaer on this the 23 day of October, 2024.

Notary Public

My Commission Expires: 5/25/26

MARIA S BOGGS
Notary Public, State of Texas
Comm. Expires 05/25/2026
Notary ID 13158276-8

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

REQUEST OF ATMOS ENERGY CORPORATION	)	
FOR EXTENSION OF ITS GAS COST	)	
ADJUSTMENT PERFORMANCE BASED	)	**Case No. 2024-00205**
RATE MECHANICSM	)	

CERTIFICATE AND AFFIDAVIT

The Affiant, Trisha E. Young, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of her knowledge and belief.

Trisha E. Young

Trisha E. Young

STATE OF LOUISIANA

PARISH OF ORLEANS

SUBSCRIBED AND SWORN to before me by Trisha E. Young on this the 23rd day of October, 2024.

Notary Public

My Commission Expires:

STEPHEN T. PERRIEN
Notary Public
Parish of Orleans, State of Louisiana
My Commission is Issued for Life.
Bar No. 22590
Notarial No. 49480

REQUEST:

Refer to Atmos' Performance-Based Ratemaking (PBR) Application, Exhibit B, table titled, "PBR Summary Schedule (June 2020 - May 2024)".[2] Provide a version of the Annual Reports in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, where applicable.

RESPONSE:

See confidential Attachment 1.

ATTACHMENT:

Staff_1-01_Att1 - KY PBR Savings June 2020-May 2024 (CONFIDENTIAL).xlsx

Respondent: Ken Skaer

[2] The referenced table was filed under the Petition for Confidentiality of Certain Information. As of the date of entry of this Request, the Commission has not yet ruled on the motion.

REQUEST:

Refer to Atmos' PBR Application, Exhibit B, the Evaluation Report,[3] pages 12-14 of 25, section titled, "Atmos Energy's Innovative Approach to Transportation Purchases". State how much , on an annual basis, has declined from traditional capacity release activities since 2010 as compared to the period from the inception of the PBR program until 2010. Provide a detailed explanation as to what factors caused the decline.

RESPONSE:

Atmos Energy stopped traditional capacity release in October 2011 and now through the Asset Management Agreement releases capacity at a zero rate to the asset manager. The asset manager can extract value by delivering to the primary points on Atmos Energy's contract. In exchange for use of the transportation assets, the asset manager provides a fixed monthly payment and/or discounted index-based pricing. Other parties that do not have the primary supply obligation and/or markets behind Atmos Energy's city gate are subject to potential restrictions due to higher upstream pipeline system utilization therefore decreasing traditional capacity release value. Atmos Energy does not have access to historical pipeline capacity release values.

Respondent: Ken Skaer

[3] Atmos in its Application refers to Exhibit B as the "Evaluation Report." However, the document provided in the Exhibit is titled "Report on Performance-Based Ratemaking Report Period: June 2020 – May 2024 KPSC Case No. 2024-00205". For the purpose of clarity, the report will be noted as "Evaluation Report" in Commission Staff's Requests for Information.

REQUEST:

Refer to Atmos' PBR Application, Exhibit B, the Evaluation Report, pages 12 and 13 of 25, sub-section titled, "Pipeline Discounts".

a. Provide a detailed explanation of how Atmos calculated the "...13,100,000 in savings during the last four years of the program and approximately $45,700,000 since the program's inception."
b. State how much Atmos saved each year since the inception of the program. As part of the answer give a detailed explanation about the benchmark Atmos used to calculate these sums.

RESPONSE:

a. During the last four years and since the program's inception, the Transport Discount savings includes pipeline discounts from their respective pipeline supply source, and it also includes the receipt of segmented capacity from another Atmos Energy division.

   The Transport Discount savings for pipeline discounts is calculated as follows: the Transportation Cost component mechanism includes demand and transportation volumetric costs and all applicable FERC approved surcharges. The benchmark for pipeline demand costs are the tariffed Pipeline Demand Rate multiplied by the Demand Quantities contracted for by the Company from the applicable transportation provider. The benchmark for the pipeline volumetric costs are the tariffed Pipeline Commodity Rate multiplied by Actual Volumes delivered. Avoided cost savings from exchange services or delivered supply vs upstream pipeline demand charges are incorporated in this PBR component. Total annual Transportation benchmark costs are compared to the actual annual Transportation Costs paid to determine the Transportation Index Factor PBR savings or costs.

   Additionally, Atmos Energy has implemented an innovative strategy for generating pipeline demand savings through the receipt of segmented capacity from another Atmos Energy division. Atmos Energy identified a cost savings opportunity for its Mississippi ("Atmos Energy MS") and Kentucky ("Atmos Energy KY") divisions. Atmos Energy MS created savings by releasing firm pipeline capacity to Atmos Energy KY. The capacity is shared via a segmented capacity release, essentially dividing the transportation path into an Atmos Energy MS segment and an Atmos Energy KY segment. Each segment is recognized by the interstate pipeline as a separate contract segment with its own firm entitlements. The cost is split between the two divisions and invoiced separately by the pipeline and the Company is still able to receive firm service on both contract segments. This provides a lower demand charge than the Atmos Energy MS and Atmos Energy KY divisions would pay if they individually acquired capacity from the pipeline. Savings generated through the segmented release flows through the PBR Transportation Cost Component. Another Atmos Energy innovation that provides Transportation Cost savings is the limited use of Asset Manager provided delivered supply service. It is a bundled supply and transportation service, seasonal in nature. The Asset Manager charges no or a minimal demand fee, resulting in significant Transportation Cost savings as compared to what Atmos Energy would otherwise pay to contract for long-term, year-round pipeline capacity. These continual improvements to the Transportation Cost Component produced more than $13,100,000 in savings during the last four years of the program and approximately $45,700,000 since the program's inception. Atmos Energy always seeks to obtain the lowest cost firm transportation services for its customers. The PBR provides an even greater inducement to seek out and maximize those discounts and to implement innovative cost saving strategies.

b. See the table below

Atmos Energy Corporation
Kentucky Division
PBR Results (July 1998 - May 2024)

	Atmos KY Savings
Jul 1998 - Jun 2001	$4,256,853.16
Jul 2001 - Mar 2002	$635,590.00
2002-2003 Total	$1,158,780.03
2003-2004 Total	$1,013,826.87
2004-2005 Total	$776,369.59
2006-2007 Total	$1,566,032.10
2007-2008 Total	$1,678,571.74
2008-2009 Total	$1,800,303.08
2009-2010 Total	$2,100,216.90
2011-2012 Total	$2,212,709.90
2012-2013 Total	$2,676,312.14
2013-2014 Total	$2,672,803.78
2014-2015 Total	$2,658,592.93
2016-2017 Total	$3,009,372.06
2017-2018 Total	$3,225,089.46
2018-2019 Total	$3,258,334.66
2019-2020 Total	$3,393,116.77
2020-2021 Total	$3,595,306.21
2021-2022 Total	$3,463,813.23
2022-2023 Total	$2,892,156.57
2023-2024 Total	$3,597,646.26
Atmos KY Savings	**$51,641,797.44**

Gas Acquisition Index Factor (GAIF) - Total Annual Benchmark Gas Commodity Costs compared to the Total Annual Actual Gas Commodity Costs. Includes baseload purchases, swing purchases and fixed asset management discounts. The Benchmark costs are calculated based on actual gross purchase volumes multiplied by the average of IFERC and NYMEX HH prices for baseload supply, and by the *Platts Gas Daily* daily midpoint Index prices for incremental supply.

Respondent: Ken Skaer

REQUEST:

Since Atmos's PBR mechanism was established, provide the percentage of total gas cost for which Atmos's purchase price was above the benchmark for that purchase.

RESPONSE:

The Kentucky PBR program calculates on a total gas cost per month and per annual basis. There have been no months in which actual gas costs exceeded the benchmark, which is the reasonable prudent cost. The PBR incentivizes the Company to achieve gas costs that are lower than the reasonable and prudent level of cost (i.e., generates savings).

Respondent: Ken Skaer

REQUEST:

Explain whether Atmos has any legal obligation or financial incentive to optimize its gas supply portfolio absent a PBR mechanism with regards to both cost efficiency and/or reducing volatility or risk If so, describe the obligations or incentives. If not, explain why not.

RESPONSE:

Atmos Energy always strives to achieve the overall lowest-priced reliable gas supply. However, the PBR mechanism incentivizes Atmos Energy to take risks to achieve lower costs. Absent the PBR mechanism, Atmos Energy would not be incentivized to take these risks.

In the absence of the comprehensive PBR mechanism, the Company would be at risk for each individual component of gas cost, and could not accept the risk of potentially higher commodity costs as a trade-off for lower transportation costs.

Regarding the additional risk taken by Atmos Energy due to the PBR mechanism, establishing a benchmark price creates additional price risk for the Company. In the early years of the PBR mechanism (December 2000), Atmos Energy was required to make swing purchases due to the extreme cold weather. As a result of the swing purchases, the Company incurred an average actual price for supplies purchased in December 2000 in excess of the benchmark price.

The downside of Atmos Energy’s price risk under the PBR was realized at that time. Under high prices and constrained supply (due to cold weather and heavy demand) the Company had no choice but to pay more for some gas supplies than the benchmark price established under the PBR. Ordinarily, Atmos Energy's customers would have paid the full price of these purchases. Under the PBR; however, Atmos Energy’s customers benefited because they actually paid only half the difference between the PBR benchmark and the purchase price. Atmos Energy’s shareholders absorbed the other half - over $1,000,000.00.

While natural gas prices are not as high as they were in December 2000, market price volatility still persists, even throughout the past four years, where the Henry Hub natural gas price has fluctuated from as low as $1.24 to as high as $23.605.

More recently, due to changes in the availability of natural gas, the Company has been able to segment transportation contracts to avoid pipeline demand charges. However, with the use of a segmented contract, the Company must rely on non-traditional receipt points with less liquidity and potentially more price risk. It is the PBR mechanism that creates the incentive for the Company to take on this risk.

In the early years of the PBR mechanism, Atmos Energy experienced increased risk of supply failure due to consolidation of all of its supply requirements with a single supplier. The Company now bids out its supply requirements on a pipeline-by-pipeline basis. Additionally, the Company now has more experience with the PBR mechanism and the marketers that respond to its RFPs, which allow it to better manage risk of supply.

Respondent: Trisha Young

REQUEST:

Explain whether the “least cost acquisition” standard in purchasing natural gas supplies and pipeline transportation services exists absent Atmos’s PBR mechanism.

RESPONSE:

The "least cost acquisition" of natural gas must consider both cost a reliability of supply (cost is not the only consideration). Further, the prudence of acquisition practices must be considered at the time they occurred and not post facto.

The "least cost acquisition" standard exists absent the PBR mechanism. However, the prudency of the Company's actions is reviewed differently with the PBR mechanism than it is without it. Without the PBR mechanism, the Company would hold different transportation capacity and its purchasing options and prices would be different.

The application of the "least cost acquisition" standard of review will result in different conclusions with and without the PBR mechanism.

Respondent: Trisha Young

REQUEST:

State whether Atmos would decrease its efforts to maintain service reliability for the benefit of its customers if Atmos's PBR mechanism was discontinued.

RESPONSE:

No, the Company would not decrease its efforts to maintain service reliability for the benefit of its customers if Atmos Energy's PBR mechanism was discontinued.

Respondent: Trisha Young

REQUEST:

Explain whether Atmos seeks to purchase the lowest cost natural gas to provide to its customers regardless of the existence of a PBR mechanism.

RESPONSE:

Atmos Energy always strives to achieve the overall lowest-priced reliable gas supply. Also, see the response to Staff 1-06.

Respondent: Trisha Young

REQUEST:

Provide the administrative costs and any additional cost associated with the PBR mechanism incurred by Atmos on a yearly basis since 2020.

RESPONSE:

There are no incremental costs of operating the PBR mechanism. The cost is employee labor, which is primarily a fixed expense.

Respondent: Trisha Young

REQUEST:

State whether any Atmos affiliated local distribution company now operates, or has ever operated, under a gas procurement PBR mechanism. If so, provide details of the mechanism.

RESPONSE:

Atmos Energy operates its local distribution as divisions and not as affiliates, but the divisions in other jurisdictions do operate under gas procurement Performance Based Rate (PBR) mechanisms in Kansas, Mississippi, Tennessee, and Louisiana, in addition to Kentucky. See bookmarked Attachment 1 for details of the PBR in Kansas, Mississippi, Tennessee, and Louisiana.

The Mississippi Division's PBR mechanism was approved in the Order dated May 8, 2012, in MPSC Docket 2011-UA-385 and renewed in the Order dated February 7, 2017 in that same docket (see bookmark "MS 2011-UA-385 PBR 2012 and 2017 Orders"). In 2017, the Mississippi Division entered into a comprehensive settlement in conjunction with its annual Stable Rate filing in which the Mississippi Public Utilities Staff and Atmos Energy agreed that the existing PBR investment recovered through the PBR Mechanisms would be incorporated into the rate base of the Stable Rate Rider annual filings with any future PBR capital investments being included in Stable Rate rate base. See bookmark "MS 2005-UN-503 2017 Settlement.pdf" for the Order dated December 5, 2017 in MPSC Docket 2005-UN-503.

ATTACHMENT:

Staff_1-10_Att1 - KS, MS, TN, LA PBR Mechanisms.pdf

Respondent: Trisha Young

THE STATE CORPORATION COMMISSION OF KANSAS

ATMOS ENERGY CORPORATION
(Name of Issuing Utility)

Schedule V - Purchased Gas Adjustment (PGA)

ENTIRE SERVICE AREA
(Territory to which schedule is applicable)

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

I. REPORTING REQUIREMENTS

The Company shall submit to the Commission purchased gas cost filings at least 15 days before the filing is to be effective. The exception to this requirement is the Hedge Settlement Filing for November to March, which is required to be filed at least 1 day before the effective date. Purchased gas cost filings and cost adjustment reports shall use the format prescribed by the Commission.

J. LINE LOSS LIMITATIONS

The Company shall compute one actual line loss for the entire State of Kansas. In the event that the actual line loss (unaccounted for gas) statistic for the computation period exceeds the line loss limit of 4%, the Company will compute the purchased gas adjustment using the limit value rather than the actual operating statistic value.

K. DEMAND CHARGE SAVINGS

The Company shall identify the demand charge savings expected to be received (applicable to its Kansas jurisdiction) under any interstate or intrastate pipeline agreement entered into after the amendment to this provision has been approved by the Commission in Docket No. 19-ATMG-486-TAR, where the Company has been able to negotiate a discount of the pipeline's maximum tariff rates. The demand charge savings shall be calculated by taking the difference between the pipeline's maximum tariff rates and the discounted rate multiplied by the amount of capacity contracted for under the agreement.

1. The Demand Charge Savings will be shared between the Customers and the Company. The Customer shall receive seventy-eight percent (78%) of the savings and the Company shall receive twenty-two percent (22%) of the savings.
2. The Customers' share of the savings would be provided to them by applying the savings to the utility PGA on a monthly basis. As monthly savings are realized, the savings will be reflected in the monthly gas costs.
3. The 22% of Demand Charge Savings not passed through to the Customer through the PGA shall be retained by the Company.

SECTION 2 - PURCHASED GAS COST REFUND ADJUSTMENT PROCEDURE

A. SUPPLIER REFUND PROVISION

Supplier Refunds of Company's payments in excess of those ultimately authorized by the governing regulatory body, including interest received, shall be credited to the refund reserve accounts and refunded to the customers through the Supplier Refund Factor. The Company should make a best effort to refund the type of customer that was overcharged.

1. The Supplier Refund Factor shall be determined by dividing the appropriate refund amount by the estimated Ccf sales as shown on Sheet 1 line 6 of the PGA filing

Issued	October	15	2019
	Month	Day	Year
Effective	October	15	2019
	Month	Day	Year
By	Jared N. Geiger, VP Rates and Reg. Affairs		
	Signature	Title	

19-ATMG-486-TAR
Approved CU
Kansas Corporation Commission
October 15, 2019
/s/ Lynn Retz

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

ATMOS ENERGY CORPORATION
UTILITY ID NO. GC-123-0081-00

DOCKET NO. 2011-UA-385

RE: APPLICATION OF ATMOS ENERGY CORPORATION FOR APPROVAL AND AUTHORIZATION OF A PERFORMANCE BASED RATE MECHANISM RELATED TO THE PURCHASE OF ITS NATURAL GAS SUPPLY FOR ITS CUSTOMERS AND COSTS ASSOCIATED WITH RELATED SERVICES

ORDER

THIS DAY, this cause came on for hearing and consideration by the Mississippi Public Service Commission (Commission) relative to the Application of Atmos Energy Corporation (Atmos) seeking approval of a Performance Based Rate (PBR) mechanism related to the purchase of its natural gas supply for its customers and costs associated with related services. The Commission being fully apprised in the premises and having considered the testimony, documents and the record before it, and upon the recommendation of the Mississippi Public Utilities Staff (Staff), finds as follows:

1.

Atmos is a natural gas distributing company operating as a public utility in the State of Mississippi as defined by Miss. Code Ann. §77-3-3(d)(ii).

2.

The Commission has jurisdiction of the parties and the subject matter in this proceeding.

3.

Atmos filed its Application in this cause on the 12th day of December, 2011. Due and proper notice of the Application was published as required by law and the Rules of this Commission.

4.

The natural gas market in the United States has dramatically changed since 2007 with the increase in dry natural gas supply due to shale gas production. This increase in gas supply has resulted in unprecedented price stability. Regional price differentials have narrowed due to the shale gas production. As a result of changing pipeline flows, long haul pipeline companies, such as, Tennessee Gas Pipeline Company, Columbia Gulf Pipeline Company, and Southern Natural Pipeline Company have responded with rate cases at the Federal Regulatory Commission seeking increases in their rates. This in turn has increased the demand and transportation costs charged to Atmos which must be passed along to its customers in its Purchased Gas Adjustment clause (PGA).

5.

These changing natural gas market conditions and increased pipeline transportation costs have created challenges for Atmos in the purchase of its natural gas supply for its customers. To meet these challenges, Atmos in its Application seeks authority to establish a PBR mechanism in Mississippi to potentially capture any non-traditional opportunities, to restructure its natural gas supply contracts, and to modify the ways in which it utilizes pipeline services which can result in substantial savings to its customers. These non-traditional opportunities will require increased personnel, utilization and acquisition of alternative assets, and seizing daily sourcing of natural gas supply to obtain these potential savings for its customers.

6.

Atmos has PBR mechanisms in place in Kentucky, Tennessee, Georgia, and Kansas. These PBR mechanisms are different but all allow sharing of any savings compared to traditional baseline costs between Atmos and its customers. Atmos in its Application requests authorization and approval to establish a PBR mechanism for a five (5) year period which would include the following components:

A. Demand charge savings (segmentation, discounts and delivered services);

B. Capacity release value; and

C. Pipeline bypass savings.

Further, any costs associated with the establishment of a PBR mechanism, i.e., acquisition of assets and additional personnel, would be borne by Atmos and not its customers. Any and all net savings generated as a result of a PBR mechanism will be shared on an equal basis with its customers through Atmos' PGA. Any shared savings retained by Atmos as a result of the PBR mechanism will be accounted for through the PGA process and will not be included in any determination of its Stable/Rate revenue. Attached as confidential, Exhibit "A" to this Order is a schedule prepared by Atmos and submitted to the Staff as a part of its investigation which indicates the estimated costs which will be incurred by Atmos and which lists the specific projects submitted for approval by the Commission..

7.

Upon approval of the PBR mechanism by the Commission, Atmos will implement the mechanism within ninety (90) days and provide monthly reports and an annual summary to the Commission and the Staff. Consistent with the Rules of this Commission and applicable Mississippi law, the monthly reports and the annual summary shall be filed confidential. Attached as confidential, Exhibit "B" to this Order is the forms which will be utilized by Atmos with regard to the monthly and annual reports required by this Order.

8.

The Staff conducted a thorough investigation of Atmos' proposed PBR mechanism Application. The Staff's investigation included data requests which Atmos responded to in accordance with the Rules of this Commission. The Staff and Atmos participated in extensive negotiations which resulted in a determination and agreement that certain components of the PBR mechanism are project based. Gas supply opportunities providing demand charge savings such as pipeline segmentation, pipeline discounts and delivered services as well as releases of pipeline capacity may be considered as part of the PBR. Atmos will present subsequent projects to the Commission for approval by filing a request for approval in this docket. The Staff and Atmos recognize that these projects may be time sensitive. Therefore, the Staff will expedite its investigation of each proposed project submitted by Atmos for approval. Any such project will be submitted to the Commission at the earliest available Open Meeting following the filing for consideration and approval, provided said project is submitted ten (10) business days in advance of the Commission's

Open Meeting.

9.

Atmos has provided information sufficient for consideration of this matter by the Commission. The pleadings, documentation, data and exhibits in this docket comply with all applicable requirements of Mississippi law and the Rules of this Commission. Therefore, for good cause shown, this Commission waives any other filing requirements as prescribed by the Rules of this Commission.

IT IS THEREFORE,

ORDERED that the Application of Atmos, as modified herein, filed in this cause to establish a PBR mechanism in Mississippi is well taken and is hereby approved and granted.

ORDERED that the Commission does hereby approve pipeline segmentation and capacity releases as a part of the Atmos PBR as specifically identified in Exhibit A.

ORDERED that the Commission reserves the right to terminate Atmos' use of the PBR mechanism at any time upon notification to Atmos without a hearing. In that event Atmos shall be allowed to recover any costs or losses or pass along any benefits as of the date of termination as determined by the Commission.

ORDERED that this Order shall be effective upon issuance and shall be deemed issued on the day it is served on the parties herein by the Executive Secretary of this Commission who shall note such date of service in the file of this Docket.

Docket Number 2011-UA-385

Chairman Leonard Bentz voted Aye, Vice-Chairman Lynn Posey voted Aye, and Commissioner Brandon Presley voted Aye.

SO ORDERED on this the 8th day of May, 2012.

MISSISSIPPI PUBLIC SERVICE COMMISSION

LEONARD BENTZ, Chairman

LYNN POSEY, Vice-Chairman

BRANDON PRESLEY, Commissioner

PUBLIC SERVICE COMMISSION

ATTEST: A TRUE COPY

BRIAN U. RAY, Executive Secretary

Effective this the 8th day of May, 2012.

Exhibit "A"

Confidential

Exhibit "B"

Confidential

**BEFORE THE PUBLIC SERVICE COMMISSION
OF
THE STATE OF MISSISSIPPI**

ATMOS ENERGY CORPORATION
GC123008100

DOCKET NO. 2011-UA-385

RE: APPLICATION OF ATMOS ENERGY CORPORATION FOR APPROVAL AND AUTHORIZATION OF A PERFORMANCE BASED RATE MECHANISM RELATED TO THE PURCHASE OF ITS NATURAL GAS SUPPLY FOR ITS CUSTOMERS AND COSTS ASSOCIATED WITH RELATED MATTERS

ORDER

THIS DAY, this cause came on for consideration in the above-referenced matter, and the Mississippi Public Service Commission ("Commission") having considered the same, finds as follows:

1. Atmos Energy Corporation ("Atmos" or "Company") filed on January 31, 2017, with the Commission its Application asking approval and authorization of an extension of the term of its Performance Based Rate Mechanism Related to the Purchase of its Natural Gas Supply for its Customers and Costs Associated with Related Matters ("PBR") for one year.

2. The Mississippi Public Utilities Staff ("Staff") reviewed and evaluated Atmos' filing. Atmos and Staff have been advised the Commission is considering adopting a plan for rural extension of natural gas service into non-serviced rural areas of the state. One source of funds that could be used to offset some of the cost incurred in such expansion is the savings net of cost generated by the Atmos PBR.

3. Atmos and Staff have reached an Agreement to extend the PBR for twelve months through May 2018. In return Atmos, after reimbursing itself for cost and expenses, agrees to place in escrow in a deferred purchased gas regulatory account all savings earned during that twelve

months pending outcome of the Commission's decision on the allocation of savings which may supplement rural extension of natural gas service. Further, a just and reasonable carrying costs rate shall be applied to the ratepayers' designated share of this account balance after it has been determined by the Commission. This rate shall be equal to the Federal Reserve Boards' Bank Prime Loan Rate for the last day of the week as quoted in the final weekly Federal Reserve Statistical Release of each month and it shall be applied for the entire period that the ratepayers' funds are held in escrow or, otherwise, for a period to be determined by the Commission.

4. The Commission has duly considered the pleadings, documentation contained in the file, and other evidence and does hereby find that the agreement is just and reasonable, and should be approved and adopted.

IT IS THEREFORE ORDERED THAT:

5. The Agreement entered into by the parties is just and reasonable and the same is hereby approved and adopted by this Commission.

6. This Order shall be deemed issued on the day it is served on the parties herein by the Executive Secretary of this Commission who shall note such date of service in the file of this Docket.

Chairman Brandon Presley voted aye; Vice Chairman Cecil Brown voted aye; and Commissioner Samuel F. Britton voted aye.

SO ORDERED on this the 7th day of February, 2017.

MISSISSIPPI PUBLIC SERVICE COMMISSION

Brandon Presley, Chairman

Cecil Brown, Vice Chairman

Samuel F. Britton, Commissioner

ATTEST: A TRUE COPY

KATHERINE COLLIER, Executive Secretary

Effective this the 7th day of February, 2017.

PERFORMANCE BASED RATEMAKING MECHANISM RIDER

Applicability

The Performance-Based Ratemaking Mechanism (the PBRM) replaces the reasonableness or prudence review of the Company's gas purchasing activities overseen by the Tennessee Public Utility Commission (the Commission) in accordance with Rule 1220-4-7-.05, Audit of Prudence of Gas Purchases. This PBRM is designed to encourage the utility to optimize its gas purchasing activities consistent with efficient operations and service reliability, and will provide for sharing of benefits or costs between the Company and the Company's customers. Each plan year will begin April 1. The annual provisions and filings herein will apply to this annual period. The PBRM will continue until it is either (a) terminated at the end a plan year by not less than 90 days' notice by the Company to the Commission or (b) modified, amended or terminated by the Commission. T T

Overview of Structure

The Performance-Based Ratemaking Mechanism consists of four parts;

A. Gas Procurement Incentive Mechanism
B. Capacity Management Incentive Mechanism
C. Avoided Cost Incentive Mechanism
D. Off System Sales Revenue Incentive Mechanism

Gas Procurement Incentive Mechanism

The Gas Procurement Incentive Mechanism (the GPIM) establishes a predefined benchmark index to which the Company's commodity cost of gas is compared. For commodity costs, on a monthly basis, the Company will compare its commodity cost of gas to the appropriate benchmark amount. The benchmark amount will be computed by multiplying actual purchase quantities for the month, including quantities purchased for injection into storage, by the appropriate price index. For monthly baseload purchases, the price index will be the appropriate *Inside FERC Gas Market Report* first of the month price for that particular month. For incremental swing purchases, the published *Platts's Gas Daily daily mid- point price* for the business day of gas flow will be used as the index. The net incentive benefits or costs from the GPIM will be shared between the Company's customers and the Company on a 75%/25%basis.

Capacity Management Incentive Mechanism

The Capacity Management Incentive Mechanism (the CMIM) is designed to encourage the Company to market off-peak unutilized transportation and storage capacity on upstream pipelines in the secondary market. It includes all credits the Company receives through its transportation invoice from the release of portions of its transportation contracts via pipelines' electronic bulletin boards/customer activity websites. Net incentive benefits or costs from capacity release will be shared between the Company's customers and the Company on a 75%/25% basis. It also addresses the sharing of asset management fees paid by asset managers, and other forms of compensation received by the Company for the release and/or utilization of the company's transportation and storage assets by third-parties. The net incentive benefits from asset management fees will be shared between the Company's customers and the Company on a 90% /10% basis.

Avoided Cost Incentive Mechanism

The Avoided Cost Incentive Mechanism (the ACIM) is designed to encourage the Company to explore ways to reduce upstream fixed and variable capacity costs associated with the transportation of gas commodity. Avoided cost can be accomplished through delivered service, transportation discounts obtained directly with the pipeline, indirectly through the acquisition of discounted released capacity, through variation from the Benchmark Path, or through the acquisition of seasonal capacity that avoids year round demand charges. Avoided Cost equals, on an annual basis, Total Benchmark Transportation Cost less Total Actual Transportation Cost. Total Benchmark Transportation Cost equals the total demand and variable transportation costs to purchase transportation services for the Company's peak day requirement plus reserve margin at tariff max rates using the Benchmark Path. The initial Benchmark Path is the path followed by Atmos Energy's current contracts and is set-forth in the Settlement Agreement in Docket No. 16- 00028. If Atmos Energy changes the path or capacity on any of the contracts that form the Benchmark Path, then one year from the effective date of the change the path and capacity from the new contract will become part of the Benchmark Path. During that one year period, savings will be determined by comparing the actual transportation cost of the new contract with the cost using the path for the old contract (priced at published FERC tariff max rates for the old contract's path); provided, however, that if the total capacity of the new contract exceeds that of the old contract, then the old contract's path will be used for comparison only up to the capacity of the old contract, and above that the new contract's path will be used for comparison. Following that one year period, savings on the new contract will be determined by comparing the actual transportation cost for the new contract against the cost for the new contract's path and capacity priced at published FERC tariff max rates. The capacity amounts in the Benchmark Path may be adjusted by the Company to account for any change in the Company's peak day requirement plus reserve margin, with such changes to be filed no later than 60 days after such adjustment. Resulting changes to the Benchmark Path shall become effective coincident with the effective date of the incremental transportation agreement; and the actual path and capacity of the incremental transportation agreement will become part of the Benchmark Path. Total Actual Transportation Cost equals the Company's actual annual total demand and variable transportation costs. For avoidance of doubt, whenever savings are calculated under the ACIM, the benchmark price used for comparison will always be the published FERC tariff max rate. Net savings under this mechanism shall be shared between the Company's customers and the Company on an 85%/15% basis.

Off-system Sales Revenue Incentive Mechanism

The Off-system Sales Revenue Incentive Mechanism (the OSIM) is designed to encourage the Company to generate revenue from off-system sales of excess natural gas commodity. Off-system sales occur after the gas requirements of Atmos' sales customers have been met and include direct sales of gas to third parties who are not subject to gas cost adjustment under the Purchased Gas Adjustment Clause in the Company's tariff. Net Margin on such off-system sales will be defined as the difference between the sales proceeds and the total variable costs incurred by the Company in connection with the transaction, including transportation and gas costs, taxes, fuel or other costs. For this calculation, in computing gas costs the Company will impute such costs for its related supply purchases at the benchmark first-of-the-month or daily index, as appropriate, on the pipeline and in the zone in which the sale takes place. Net Margin will be shared between the Company's customers and the Company on a 75%/25% basis.

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER S-32919

ATMOS ENERGY CORPORATION, EX PARTE

Docket Number S-32919 In re: Petition Requesting the Renewal of the Asset Management Plan for the Period of April 1, 2014 through March 31, 2019 for Atmos Energy Corporations' Regulatory Divisions, Louisiana Gas Service and Trans Louisiana Gas.

(Decided at the November 13, 2013 Business and Executive Session)

Overview

Atmos Energy Corporation ("Atmos") currently operates as a natural gas local distribution company providing natural gas service to approximately 340,00 customers in forty-nine parishes in Louisiana. On July 1, 2013, Atmos filed a petition with the Louisiana Public Service Commission ("LPSC" or "Commission") seeking to modify and renew its Asset Management Plan ("AMP") for its regulatory divisions, Louisiana Gas Service ("LGS") and Trans Louisiana Gas ("TransLa"). The request was published in the Commission's July 19, 2013 Official Bulletin. No other parties intervened in the proceeding. On August 22, 2013, the Tribunal granted the Commission Staff's motion to convert the proceeding to a staff-level proceeding.

Atmos has had an AMP in place continuously from 1999 to present.[1] Atmos' current AMP, approved in 2009, will expire on March 31, 2014. Trans Louisiana Gas Pipeline, Inc. ("TLGP"), an Atmos affiliate, has provided the management and consulting services since 2001.

Jurisdiction

The Commission exercises jurisdiction over common carriers and public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution, which states:

> The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

The Commission's General Order dated June 9, 1994 requires that gas local distribution companies flow through their PGA clauses revenue realized by the sale of pipeline and storage capacity and related revenues.

[1] *See* dockets U-24016, U-27789, and U-27789 Subdocket A

Staff Consideration

Commission Staff determined that from 1999 through 2014, Atmos ratepayers received an average annual benefit of $2.2 million. Staff recommended that the Commission approve the Atmos 2014 AMP renewal and modification on the basis that the AMP will continue to provide savings. TLGP guaranteed a payment of $675,000 annually for five years to Atmos and a sharing of revenues in excess of $1,500,000. Under the 2009 AMP, TLGP had neither the ability nor any incentive to minimize demand payments made by Atmos. The proposed modification, which provides for the sharing of revenues due to the reduction of demand charges, will be beneficial to Atmos ratepayers by providing an incentive for TLGP to help Atmos reduce the demand charges associated with its capacity portfolio. It ultimately results in a decrease in the demand dollars that flow through the PGA mechanism to Atmos ratepayers. The Staff's recommendation is summarized below:

1. Renew the AMP ;
2. Amend the AMP Section 5.2 of the Natural Gas Management and Planning Agreement a Section of 5.2(e) to allow the sharing of revenues due to the reduction of demand charges between Atmos and TLGP; and
3. Approve TLGP, an affiliate of Atmos Energy and its regulatory divisions, LGS and TransLa, as the manager of the AMP.

This space is intentionally left blank.

Commission Consideration

The asset management plan renewal and modification was considered by the Commission at its November 13, 2013 Business and Executive Session. On motion of Commissioner Angelle, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to approve the Atmos 2014 AMP renewal and modification and to approve TLGP as the manager.

IT IS THEREFORE ORDERED THAT:

The Commission approves the Asset Management Plan, as modified, and approves TLGP as the manager. This Order shall be effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
November 19, 2013

/S/ ERIC F. SKRMETTA
DISTRICT I
CHAIRMAN ERIC F. SKRMETTA

/S/ CLYDE C. HOLLOWAY
DISTRICT IV
VICE CHAIRMAN CLYDE C. HOLLOWAY

/S/ FOSTER L. CAMPBELL
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ LAMBERT C. BOISSIERE
DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

S/ SCOTT A. ANGELLE
DISTRICT II
COMMISSIONER SCOTT A. ANGELLE

EVE KAHAO GONZALEZ
SECRETARY

**BEFORE THE PUBLIC SERVICE COMMISSION
OF
THE STATE OF MISSISSIPPI**

**ATMOS ENERGY CORPORATION
GC123008100**

DOCKET NO. 2005-UN-503

IN RE: STABLE/RATE ANNUAL EVALUATION FOR 12 MONTHS ENDING JUNE 30, 2017

ORDER

THIS CAUSE came on for consideration in the above referenced matter and by order dated December 5, 2017, by the Mississippi Public Service Commission ("Commission"). The Commission finds as follows:

1.

Atmos Energy Corporation ("Atmos Energy" or "Company") filed with the Commission its Stable Rate Annual Evaluation for the 12 Months Ending June 30, 2017, on September 5, 2017. On November 29, 2017, Atmos Energy filed an Amended 2017 Stable Rate Annual Filing for the twelve (12) months ending June 30, 2017, which recalculated the Rate Adjustment using the currently approved depreciation rates and making corrections to its original filing as agreed to with the Mississippi Public Utilities Staff ("MPUS" or "Staff").

2.

Atmos Energy's November 2017 Stable Rate Filing is summarized as follows:

Adjusted Rate Base	$379,624,321
Performance Based Benchmark Return	9.92%
Allowed Return	8.92% to 10.92%
Expected Return on Equity	8.34%
Revenue Adjustment	$4,369,135[1]

[1] This amount reflects a reduction in the requested revenue adjustment of approximately $5.5 million compared with the September 2017 Stable Rate filing resulting from the Company's agreement to withdraw its request for updated depreciation rates at this time.

3.

The Staff reviewed and evaluated Atmos Energy's filing and had the benefit of full discovery as prescribed by Mississippi law and the Commission's Rules of Practice and Procedure ("Rules"). Atmos Energy and MPUS met on numerous occasions and, through discussion and negotiations, have stipulated and agreed to a resolution of certain issues relative to the evaluation of Atmos Energy's filing. During MPUS's investigation of the 2017 Stable Rate Filing, Atmos Energy and MPUS engaged in discussions regarding potential modifications to Atmos Energy's tariffs to allow Atmos Energy the opportunity to establish an overall rate structure that allows it to maintain a healthy balance sheet, positive credit ratings, and a supportive regulatory environment so that the Company has access to the capital necessary to make these investments. The parties also discussed other policy considerations, including (1) streamlining Atmos Energy's annual rate mechanisms while maintaining full transparency, (2) providing Atmos Energy the opportunity to more accurately reflect its cost of business in its annual filings for consideration by the MPUS and MPSC, (3) reducing rate volatility, (4) improving planning and budgeting through more predictable rate outcomes, and (5) providing the MPUS more time to review Atmos Energy's annual filings and decreasing administrative burdens.

Pursuant to these discussions and the review and evaluation of MPUS, the parties entered into a Stipulation, which was filed with the Commission on December 1, 2017. A copy of the Stipulation is attached hereto as Exhibit "A".

4.

Atmos Energy's 2017 Stable Rate Adjustment Evaluation with the stipulated adjustments is summarized as follows:

Adjusted Rate Base	$377,953,953
Performance Based Benchmark Return	9.92%
Allowed Return	8.92% to 10.92%
Expected Return on Equity	9.02%
Revenue Adjustment	$0

5.

The Commission has duly considered the pleadings, documentation contained in the file, and other evidence and does hereby find that the Stipulation is just and reasonable and should be approved and adopted.

6.

The Evaluation, with the adjustments agreed upon and subject to the limitations in the Stipulation, is in full compliance with the provisions of Mississippi law and the Stable Rate tariff of Atmos Energy.

IT IS THEREFORE ORDERED THAT:

1. The Stipulation attached hereto as Exhibit "A" entered into by the parties is just and reasonable and the same is hereby approved and adopted by this Commission.

2. The Stable Rate Annual Filing for the 12 Months Ending June 30, 2017, as amended by and subject to the limitations stated in the Stipulation, is hereby approved.

3. It is further ordered that it is just and reasonable that Atmos Energy's rate mechanisms be modified consistent with the attached Stipulation for the policy reasons stated therein, and that Atmos Energy shall make a compliance filing within 30 days of the date of this Order modifying its tariffs to reflect those changes for approval by the Commission.

This Order shall be effective from and after the date of issuance.

Chairman Brandon Presley voted aye; Vice Chairman Cecil Brown voted aye; and Commissioner Samuel F. Britton voted aye.

SO ORDERED on this, the 5th day of December, 2017.

MISSISSIPPI PUBLIC SERVICE COMMISSION

BRANDON PRESLEY, Chairman

CECIL BROWN, Vice Chairman

SAMUEL F. BRITTON, Commissioner

ATTEST: A True Copy

Katherine Collier, Executive Secretary

Effective this the 5th day of December, 2017.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSISSIPPI

ATMOS ENERGY CORPORATION
GC123008100

DOCKET NO. 2005-UN-503

IN RE: STABLE RATE ANNUAL EVALUATION FOR TWELVE (12) MONTHS ENDING JUNE 30, 2017

STIPULATION

This Stipulation and Agreement is entered into between the Mississippi Public Utilities Staff ("MPUS" or "Staff") and Atmos Energy Corporation ("Atmos Energy") pursuant to Rule 13 of the Mississippi Public Service Commission's ("MPSC" or the "Commission") Rules of Practice and Procedure ("Rules").

PROCEDURAL HISTORY

1. On March 20, 2017, in Docket No. 2017-UN-041, Atmos Energy filed its Notice of Filing of Depreciation Rate Studies ("2017 Depreciation Study"). On September 5, 2017, Atmos Energy filed its Stable/Rate Annual Evaluation for the twelve (12) months ending June 30, 2017 ("September 2017 Stable Rate Filing"), which included in its calculation the depreciation rates contained in the 2017 Depreciation Study.

2. On November 29, 2017, Atmos Energy filed an Amended 2017 Stable Rate Filing, which recalculated the Rate Adjustment using the currently approved depreciation rates and making corrections to its original filing ("Amended 2017 Stable Rate Filing").

3. On March 1, 2017, Atmos Energy made its second annual filing pursuant to the System Integrity Rider ("SIR") ("March 2017 SIR Filing"). On September 5, 2017, Atmos Energy filed its SIR Compliance Tariff Filing and supporting schedules updated to reflect the inputs being

filed contemporaneously in its September 2017 Stable Rate Filing and also filed its annual Supplemental Growth Rider ("SGR"). On November 29, 2017, Atmos Energy filed an Amended System Integrity Filing ("Amended 2017 SIR Filing") and an Amended Supplemental Growth Rider filing ("Amended 2017 SGR Filing") using the currently approved depreciation rates.

4. Atmos Energy's November 2017 Stable Rate Filing is summarized as follows:

Adjusted Rate Base	$379,624,321
Performance Based Benchmark Return	9.92%
Allowed Return	8.92% to 10.92%
Expected Return on Equity	8.34%
Revenue Adjustment	$4,369,135[1]

ADDITIONAL BACKGROUND

5. Atmos Energy is in a time of accelerating capital investment necessary to meet regulatory requirements and to continue to provide reliable, safe service to its customers. The Company projects that in order to meet these requirements, its capital expenditures will increase by nearly 50% between 2018 and 2022, as demonstrated in the following table:

Fiscal Year	2018	2019	2020	2021	2022
Rate Mechanism					
System Integrity Program	$52,601,640	$59,642,000	$66,265,000	$73,555,000	$81,645,000
Supplemental Growth Rider	$10,300,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000
Stable Rate Filing	$30,483,566	$33,292,000	$38,482,000	$44,362,000	$51,022,000
Total Capital	$93,385,206	$97,934,000	$109,747,000	$122,917,000	$137,667,000

6. To prepare for this period of accelerating investment, Atmos Energy believes that it is crucial for the Company to establish an overall rate structure that allows it to maintain a healthy balance sheet, positive credit ratings, and a supportive regulatory environment so that the Company has access to the capital necessary to make these investments. In light of the accelerating capital

[1] This amount reflects a reduction in the requested revenue adjustment of approximately $5.5 million compared with the September 2017 Stable Rate filing resulting from the Company's agreement to withdraw its request for updated depreciation rates at this time.

investments noted above, the MPUS believes that it is in the public interest to maintain the Company's weighted average cost of capital at the lowest level possible consistent with supporting the credit ratings needed to fund these investments over this time period as determined by the Commission. During MPUS's investigation of the 2017 Stable Rate Filing, Atmos Energy and MPUS engaged in discussions regarding potential modifications to Atmos Energy's tariffs to allow Atmos Energy the opportunity to achieve these goals. The parties also discussed other policy considerations, including (1) streamlining Atmos Energy's annual rate mechanisms while maintaining full transparency, (2) providing Atmos Energy the opportunity to more accurately reflect its cost of business in its annual filings for consideration by the MPUS and MPSC, (3) reducing rate volatility, (4) improving planning and budgeting through more predictable rate outcomes, and (5) providing the MPUS more time to review Atmos Energy's annual filings and decreasing administrative burdens.

7. The MPUS has completed its review of the Evaluation of the September and November 2017 Stable Rate Filings. The MPUS has had the benefit of full discovery as prescribed by Mississippi law and the Rules. This stipulation is entered into as a result of the pleadings and other evidence filed by Atmos Energy in this docket, and is supported by the discussions and information exchanged between MPUS and Atmos Energy and the independent research and investigation conducted by MPUS.

8. Atmos Energy and MPUS have met and, through discovery, discussion and negotiation, have resolved certain issues and the parties do hereby stipulate and agree as follows:

a) Atmos Energy's adjusted rate base without SIR shall be modified from $379,624,321 to $377,953,953 to reflect the capitalized portion of certain Staff adjustments.

b) Atmos Energy's performance-based benchmark return on equity is 9.92%. The allowed rate of return range is 8.92% to 10.92%. Atmos Energy's expected return on equity is 9.02%, resulting in no revenue requirement increase.

c) Atmos Energy's adjusted operation and maintenance expenses as amended are reduced by $1,903,491 to $41,083,912. The O&M expense adjustment includes the removal of a portion of incentive compensation in the amount of $1,265,024; non-recurring separation agreements of $123,692; $112,620 for expenses such as lobbying, memberships, dues, registrations, and awards; $400 for contributions and donations; $97,769 for business meals and entertainment expenses and $303,986 for other direct and allocated expenses adjusted by the Staff.

d) Atmos Energy's amortization of debt expense as amended is decreased by $1,275.

e) Atmos Energy's interest on long-term debt as filed is decreased by $40,695.

f) Atmos Energy's income available for equity as filed is increased by $1,285,816.

9. Atmos Energy's 2017 Stable Rate Adjustment Evaluation with the adjustments stated above and agreed to by the Company and Staff, attached as Exhibit A, is summarized as follows:

Adjusted Rate Base	$377,953,953
Performance Based Benchmark Return	9.92%
Allowed Return	8.92% to 10.92%
Expected Return on Equity	9.02%
Revenue Adjustment	$0

OTHER PROVISIONS

Based on the policy considerations described in Paragraph 6 above, the MPUS and Atmos Energy agree that it is consistent with the public interest to modify on a prospective basis[2] the provisions of Atmos Energy's tariffs as follows:

10. In order to reduce rate volatility, the MPUS and Atmos Energy have agreed that the Stable/Rate Adjustment Rider ("Stable Rate Rider") should be modified to re-define the Allowed Return in Paragraph (9) on p. 2 of 27 of the tariff as a range of 50 basis points above and 50 basis points below the Performance Based Benchmark Return ("PBBR") and Paragraph (6) on p. 1 of the Stable Rate Rider should be changed to reflect the same modification. The parties have also agreed that Paragraph (7) on p. 1 of the Stable Rate Rider should be modified to remove the provisions to add or subtract 25 basis points to the Expected Return after adjusting it to the PBBR.

11. The MPUS and Atmos Energy have agreed, in conjunction with the other terms herein, that it is consistent with the public interest to allow Atmos to submit its 2018 annual filings under the SIR and the Stable Rate Rider calculating the rate adjustments based upon Atmos Energy's actual capital structure without adjusting equity capital to the cap of 52.5% ordered in Docket 2015-UN-049. Instead, the Company will base its calculations on the actual long-term debt and equity percentages equal to the ratio of Mississippi consolidated capital amounts. Atmos Energy agrees to submit with its annual filings substantial evidence to support the reasonableness of setting rates based upon its actual capital structure. In its annual review of these filings, the MPUS will evaluate Atmos Energy's proposal and will have the opportunity to request additional information from Atmos Energy regarding this issue. The MPUS will also have the opportunity

[2] It is expressly agreed by the parties that the tariff modifications described below will not be applied to the 2017 filings of Atmos Energy, and the tariffs will not be modified until Atmos Energy makes a subsequent compliance filing requesting MPSC approval of the changes agreed upon by the parties herein.

to engage a consultant at the Company's expense to review Atmos Energy's submittal and prepare an independent evaluation of the whether the Company's actual capital structure is prudent, economical, and fair for the purpose of setting rates as opposed to using the 52.5% cap on equity approved in Docket 2015-UN-049. Should the MPUS contest the use of the actual capital structure based on information received from Atmos Energy and its own investigation and independent consultant's report, it may recommend use of the equity cap reflected in Docket 2015-UN-049 or an alternate capital structure, and the matter will be decided by the MPSC. Accordingly, Atmos Energy's compliance filing pursuant to Paragraph 17 will include proposed modifications to the affected tariffs to reflect the provisions of this paragraph.

12. Atmos Energy agrees to withdraw the request for new depreciation rates requested in Docket No. 2017-UN-041 and will continue to use the currently approved depreciation rates in rate filings until such time as a new depreciation study is submitted and approved by the MPSC.

13. The MPUS and Atmos Energy have agreed that, beginning November 1, 2018, the existing rate base currently used to calculate the rate adjustments under the Supplemental Growth Rider ("SGR") (2013-UN-023) will be incorporated into the rate base of the annual Stable Rate filing. Accordingly, the revenue requirement of this investment and future SGR investments will be subject to the provisions of the Stable Rate Rider and will no longer be subject to the 12% Return on Equity currently reflected in SGR. Atmos Energy will continue the annual $5 million SGR spending with direction and approval of the MPSC.

14. The MPUS and Atmos Energy have agreed that upon the current Stable Rate filing being approved, the existing Performance Based Rate ("PBR") investment recovered through the Performance-Based Ratemaking ("PBR") Mechanism (2011-UA-385) will be incorporated into the rate base of the Stable Rate Rider annual filings with any future PBR capital investments being

included in Stable Rate rate base. All of the PBR annual net benefits and costs[3] as well as the PBR amounts currently held in escrow will flow through the Purchased Gas Adjustment ("PGA"). Also, all of the Asset Management Plan ("AMP") (2006-UA-283) annual net benefits as well as the AMP amounts currently held in escrow will flow through the PGA. Atmos will issue an AMP RFP in January 2018.

15. With regard to the proposed Infrastructure Expansion Initiative (2017-UA-115), Atmos Energy expects to spend up to $5 million annually on Infrastructure Expansion upon approval by the MPSC. All investments will be included as part of the annual Stable/Rate filing but will be tracked and reported on an annual basis to the MPSC and the MPUS.

16. The MPUS and Atmos Energy have agreed that the Company will make its annual filings under the Stable/Rate Rider and the SIR Compliance filing on July 1 of each year with a historic period ending March 31 and a forecast period of November to October, with a true-up timing of the two years prior forecast period. Atmos Energy will continue to make the SIR annual filing on March 1 each year. The parties have further agreed that rates should be implemented on November 1.

17. The SIR contains a provision that, beginning in 2017, Atmos Energy shall submit a true-up filing by November 15 of each year detailing the actual costs incurred for completed projects and the actual revenue requirement for the rate period. The MPUS and Atmos Energy have agreed that Atmos Energy shall make that filing on or about March 1, 2018, for review by the MPUS.

[3] Currently PBR costs consist of salaries, benefits, and storage demand costs for the Caledonia and Monroe storage fields. In the future, there may be additional costs added to continue generating PBR savings. Such costs, if not previously authorized, will be approved by the Commission before being included in the PGA for recovery.

18. The MPUS and Atmos Energy have agreed that Atmos Energy shall make a compliance filing for approval by the Commission with the modifications to all affected tariffs to incorporate the provisions and agreements stipulated herein within 30 days of approval of this Stipulation by the MPSC.

19. The MPUS and Atmos Energy understand and expressly agree that except as previously stated, the stipulations made herein are for the purpose of this proceeding only and shall not apply to or be used as precedent in any other proceeding.

20. Unless specifically agreed to herein, neither MPUS nor Atmos Energy shall be deemed to have approved or acquiesced in any accounting principle, cost of capital methodology, capital structure, rate making principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology or cost allocation that may underlie this Agreement for which provision is made in this Agreement.

21. It is agreed that this stipulation is expressly conditional upon acceptance by the Commission of all of its provisions. It is also specifically understood and agreed that this stipulation is interdependent and non-separable and that if the Commission does not accept this stipulation in its entirety, neither MPUS nor Atmos Energy will be thereafter bound by any of its provisions.

22. All provisions of this Stipulation have been agreed upon by and between MPUS and Atmos Energy consistent with the requirements of Atmos Energy's tariff on file with the Commission.

So stipulated, this the 1st day of December, 2017.

MISSISSIPPI PUBLIC UTILITIES STAFF

BY: Virden C Jones
Virden C. Jones, Executive Director

ATMOS ENERGY CORPORATION

BY: William J. Senter
William Senter, Vice-President Rates and Regulatory Affairs

Atmos Energy Corporation - Mississippi Division
DETERMINATION OF RATEBASE

(1)	(2)	(3)	(4)	(5)
LINE #	RATE BASE	PER BOOK EVALUATION 06/30/17	BEGINNING RATE PERIOD 11/01/17	ENDING RATE PEROID 10/31/18
1	PLANT-IN-SERVICE +	579,663,942	579,894,197	590,512,973
2	GAS PLANT HELD FOR FUTURE USE	0	0	0
3	GAS PLANT ACQUISITION ADJ.	513,015	513,015	513,015
4	NON-CURRENT GAS STORED	6,955,671	6,955,671	6,955,671
5	CONST. WORK-IN-PROGRESS +	4,506,410	4,506,410	4,506,410
6	LESS: ACCUM DEPRECIATION +	143,256,657	142,688,099	137,182,700
7	NET PLANT	448,382,382	449,181,195	465,305,371
	PLUS:			
8	WORKING CAPITAL	7,386,986	7,386,986	7,386,986
8A	WATER HEATER PROGRAM FINANCING	0	0	0
9	INVENTORY: MATERIAL & SUPPLIES	78,117	78,117	78,117
10	INVENTORY: GAS STORED UNDERGROUND	8,260,450	8,260,450	8,260,450
11	TOTAL INVENTORY	8,338,567	8,338,567	8,338,567
12	PREPAYMENTS +	2,104,104	2,104,104	2,104,104
	LESS:			
13	DEFERRED INCOME TAX +	73,416,026	70,087,733	84,495,418
14	CUSTOMER ADVANCES FOR CONST.	122,680	122,680	122,680
15	BAD DEBT RESERVE	375,000	375,000	375,000
15A	INJURY AND DAMAGE RESERVE	857,092	857,092	857,092
15B	VACATION ACCRUALS +	427,222	427,222	427,222
15C	R & D SURCHARGE	311,936	311,936	311,936
16	UNFUNDED POST-RETIREMENT BENEFITS +	20,010,801	20,010,801	20,010,801
17	UNFUNDED PENSION LIABILITY -FASB 87 +	1,611,296	1,611,296	1,611,296
18	RATE BASE	369,079,988	373,207,094	374,923,584
19	AVERAGE RATE BASE FOR PERIOD			374,065,339
20	ADJUSTMENT FOR PRIOR ESTIMATION ERROR			3,888,614
21	ADJUSTED RATE BASE			377,953,953
22	SIR RATE BASE			70,140,557
23	RATE BASE WITH SIR			448,094,509

** See Page 2 of this Appendix.
*** This value is an average if the past 12 months. "+" Includes a Shared Services allocation.
**** Excludes amounts arising from Yazoo Investments merger.
***** Deferred Income Taxes will include only those taxes which are associated with an item actually included in rate base. The deferred income taxes will be calculated in a manner consistent with the tax accounting methods, elections and positions utilized by the Company in preparing its income tax filings. Deferred income taxes reflected in rate base will be sufficient so as to prevent the Company from violating the normalization provisions of the Internal Revenue Code.

APPENDIX "A"
Page 1
CALCULATION OF EXPECTED RETURN

EXHIBIT
"A"

Atmos Energy Corporation - Mississippi Division

DETERMINATION OF WORKING CAPITAL

12 Months Ended June 2017

LINE #	(1) WORKING CAPITAL	(2) TEST PERIOD	(3) ADJUSTMENTS	(4) ADJUSTED TEST PERIOD
A.	OPERATING & MAINTENANCE EXPENSE	44,584,927	(3,501,015)	41,083,912
B.	RENT OF DIST. PROPERTY	82,205	0	82,205
C.	GENERAL TAXES	18,565,293	(635,523)	17,929,770
D.	MISC. INCOME DEDUCTIONS	0	0	0
E.	TOTAL OPERATING EXP.	63,232,424	(4,136,538)	59,095,886
F.	NON-RECOVERABLE LOBBYING EXP.	0	0	0
G.	ALLOWABLE O. & M.	63,232,424	(4,136,538)	59,095,886
	TIMES 1/8 ALLOWANCE	12.50%	12.50%	12.50%
H.	ALLOWED WORKING CAPITAL	7,904,053	(517,067)	7,386,986

Note:
(A) Adjustments only for "known and measurable changes" as defined in the definitions section.

APPENDIX "A"
Page 2
CALCULATION OF EXPECTED RETURN

Atmos Energy Corporation - Mississippi Division
Adjustment to Rate Base Calculation

For Prior Estimation Error for Period Ended Twelve Months Prior
to Beginning of Rate Period Current Evaluation

(1) LINE #	(2) ITEMS	(3) ACTUAL BEGINNING RATE BASE 10/31/2015	(4) ACTUAL ENDING RATE BASE 10/31/2016	
1.	PLANT-IN-SERVICE +	545,297,494	591,159,733	
	incentive comp disallowances	(1,194,475)	(1,326,199)	
	SGR exclusions	(7,417,595)	(12,352,140)	
2.	LESS: ACCUM DEPRECIATION +	150,947,988	141,475,128	
	SGR exclusions	(161,811)	(365,572)	
	NET PLANT	385,899,246	436,371,838	
	LESS:			
3.	DEFERRED INCOME TAX +	55,661,298	63,393,884	
	SGR exclusions	(426,983)	(688,875)	
4.		330,664,931	373,666,829	
5.	ACTUAL AVERAGE PLANT LESS ACCUM DEPREC & LESS DEFERRED INCOME TAX			$ 352,165,880
6.	AVG PLANT, A/D & DEF INC TAX PROJECTED IN THE STABLE/RATE EVALUATION MADE TWO FILINGS PRIOR TO THE CURRENT FILING			348,277,266
7.	RATE BASE ADJUSTMENT TO CURRENT EVALUATION			3,888,614

Atmos Energy Corporation - Mississippi Division

Determination Of Expected Return

(1) Line	(2) EXPECTED EQUITY RETURN ON RATE BASE	(3) TEST YEAR	(4) ADJUSTMENTS	(5) ADJUSTED TEST YEAR	(6) ADJUSTED TY W/O SIR
1.	OPERATING REVENUE	215,737,347	(5,681,537)	210,055,811	210,055,811
2.	LESS: GAS PURCHASED FOR RESALE	97,946,566	0	97,946,566	97,946,566
3.	MARGIN	117,790,781	(5,681,537)	112,109,244	112,109,244
	LESS:				
4.	OPERATING & MAINTENANCE EXPENSE	44,584,927	(3,501,015)	41,083,912	41,083,912
5.	RENT OF DIST. PROPERTY	82,205	0	82,205	82,205
6.	GENERAL TAXES	18,565,293	(635,523)	17,929,770	17,929,770
7.	MISC. INCOME DEDUCTIONS	0	0	0	0
8.	DEPRECIATION	16,220,343	4,780	16,225,122	16,225,122
9.	AMORT. OF GAS INVESTMENT	0	0	0	0
10.	AMORT. OF DEBT EXPENSE	281,151	0	281,151	281,151
11.	ALLOW. FOR FUNDS USED DURING CONST	(107,710)	0	(107,710)	(107,710)
11A	AMORT INVESTMENT TAX CREDIT	0	0	0	0
12.	TOTAL OPER. REV. DEDUCTIONS	79,626,208	(4,131,759)	75,494,449	75,494,449
13.	NET OPERATING INCOME	38,164,573		36,614,795	36,614,795
14.	INTEREST ON LONG TERM DEBT			8,970,926	8,970,926
15.	INTEREST ON CUSTOMER DEP.			84,203	84,203
16.	TOTAL DEBT EXPENSE			9,055,129	9,055,129
17.	FUNDS AVAIL. FOR INC. TAX AND EQUITY			27,559,666	27,559,666
18.	LESS INCOME TAXES:			9,654,609	9,654,609
18A.	PROJECTED AFTER-TAX RETURN ON EQUITY FROM SIR			3,651,798	N/A
19.	ADJ. INCOME AVAILABLE FOR EQUITY			21,556,855	17,905,057
20.	RETURN ON EQUITY RATEBASE			9.16%	9.02%

Note:
(A) Adjustments only for "known and measurable changes" as defined in the definitions section.

Atmos Energy Corporation - Mississippi Division

DETAIL OF KNOWN AND MEASURABLE CHANGES:

Line			
A.	ANNUALIZED PRIOR ADJUSTMENT		
1.	ADJUSTABLE ANNUAL REVENUE FROM THE TEST PERIOD		52,549,019
2.	MOST RECENT AUTHORIZED STABLE RATE FACTOR MINUS 1		0.89049
3.	ANNUALIZED STABLE RATE REVENUE FROM MOST RECENT EVALUATION		46,794,601
	LESS:		
4.	ACTUAL STABLE RATE REV COLLECTED IN THE TEST PERIOD		45,760,276
5.	ADJ. TO ANNUALIZE REVENUE FROM MOST RECENT STABLE RATE FACTOR		1,034,326
	LESS:		
6.	MUNICIPAL FRANCHISE TAX	1.75%	18,101
7.	***ANNUALIZED PRIOR ADJUSTMENT***		$ 1,016,225
B.	OTHER KNOWN AND MEASURABLE CHANGES		

Atmos Energy Corporation - Mississippi Division

COST OF CAPITAL DETERMINATION

LINE #	TYPE OF CAPITAL	PERCENTAGE OF CAPITAL	CAPITAL ALLOCATED RATE BASE	ACTUAL INTEREST RATE & EQUITY RET.	DEBT* & EQUITY COST
	LONG TERM DEBT				
1.	TOTAL LONG TERM DEBT	46.276%	174,901,570	5.13%	8,970,926
	OTHER DEBT				
2.	CUSTOMER DEPOSITS	1.224%	4,626,557	1.82%	84,203
3.	TOTAL DEBT	47.500%	179,528,127		
	EQUITY				
4.	COMMON EQUITY **, ***	52.500%	198,425,825	9.92%	19,677,926
5.	TOTAL EQUITY	52.500%	198,425,825		
6.	TOTAL CAPITALIZATION	100.000%	377,953,952		

Long term debt is accounts 181, 189, and 221 through 226 (sub-accounts related to zero interest notes if applicable).
Customer deposits is account 235.
Common equity is accounts 201 through 217, (excludes Yazoo Investment merger adjustment).
Percent of Capital balances are determined as of the end of the Test Period.

The Customer Deposit percentage of capital shall be equal to the ratio of Mississippi Customer Deposits to Rate Base. The Long Term Debt and Equity percentages shall be based on the Company's consolidated capital amounts.

*Derived by actual interest rate and equity return times allocated rate base.
**Excludes amounts arising from Yazoo Investment merger.
***Common equity capped at no more than 52.5% as per docket 2015-UN-049.

CASE NO. 2024-00205
ATTACHMENT 1
TO STAFF DR NO. 1-10

Atmos Energy Corporation - Mississippi Division

Schedule of Test Period Known & Measurable Adjustments

Line	Section	Description		KNOWN AND MEASURABLE CHANGES	TOTAL ADJUSTMENTS	EXPLANATION OF ADJUSTMENTS
1						
2	1.	OPERATING REVENUE				
3		*A> Annualized Prior Adjustments*		1,016,225	$ 1,016,225	Annualized Prior Adjustment - Appendix A p 6.
4		*B> Margin adjustment - SGR*		(2,454,541)	(2,454,541)	remove revenue derived from the SGR for year ended June 2017
5		*C> Margin adjustment - SIR*		(2,441,443)	(2,441,443)	remove revenue derived from the SIR for year ended June 2017
6		*D> Margin adjustment - Energy Efficiency Rider*		(1,801,777)	(1,801,777)	remove revenue derived from the Energy Efficiency Rider a/o 6/2017
7		*E> Large Customer Activity Net Gain or Loss*		0	0	reflect revenue impact of large company changes
8						
9		TOTAL ADJUSTMENTS TO REVENUE	0	(5,681,537)	(5,681,537)	
10						
11	2.	LESS: GAS PURCHASED FOR RESALE				
12		*A>*			0	
13		TOTAL ADJ. TO GAS PURCHASES	0	0	0	
14						
15	3	(left blank as a placeholder)				
16						
17	4	ADJ to OPERATING & MAINTENANCE EXPENSE				
18		*A> Spousal travel / gifts / club dues*		(12,327)	(12,327)	Subaccts 05412 Dependent Travel & 05416 Nondeductible Dues
19		*B> Expense Adjustment*		(150,000)	(150,000)	Miscellaneous Expense Adjustment pending additional review
20		*C> Non-recoverable Advertising*		(105,205)	(105,205)	Appendix D - - Advertising
21		*D> Adj Bad Debt exp to reflect actual write offs*		(109,379)	(109,379)	a/c 904 Bad Debt Exp timing diff
22		*E> Energy Efficiency Rider expense*		(1,220,613)	(1,220,613)	remove expense related to the Energy Efficiency Rider
23		*F> Incentive Compensation expense disallowances*		(1,265,024)	(1,265,024)	see Issues List
24		*G> MS O&M disallowance in excess of item B above*		(358,491)	(358,491)	see Issues List
25		*H> Shared Services O&M disallowance*		(151,041)	(151,041)	see Issues List
26		*I> Non-recurring separation agreements*		(123,692)	(123,692)	see Issues List
27		*J> ADJ 7 Bonus & Service Award Payroll Expense*		(5,244)	(5,244)	see Issues List
28					0	
29		TOTAL ADJUSTMENTS TO O&M EXPENSE	0	(3,501,015)	(3,501,015)	
30						
31	5.	RENT OF DIST. PROPERTY				
32		*A>*			0	
33		TOTAL ADJ. TO RENT OF DIST PROP	0	0	0	
1	6.	GENERAL TAXES				
2		*A> State Regulatory Tax - Adjust Accrual for test yr rev.*		(117,122)	(117,122)	
3		*B>Reduce franchise tax for change margin adj*		(99,427)	(99,427)	
4		*C> Adjust to Projected Property Taxes*		151,236	151,236	
5		*D> Adjust for SGR property taxes from the test year*		(273,471)	(273,471)	remove amounts related to SGR year ended June
6		*E> Adjust for SIR property taxes from the test year*		(296,739)	(296,739)	remove amounts related to SIR year ended June
7				0	0	
8		TOTAL ADJUSTMENTS TO GENERAL TAXE!	0	(635,523)	(635,523)	
9						

Atmos Energy Corporation - Mississippi Division

Schedule of Test Period Known & Measurable Adjustments

Line	Section	Description		KNOWN AND MEASURABLE CHANGES	TOTAL ADJUSTMENTS	EXPLANATION OF ADJUSTMENTS
10	7.	**MISC. INCOME DEDUCTIONS**				
11		*A>*			0	
12		TOTAL ADJUSTMENTS MISC. INC. DEDUCTIONS	0	0	0	
13						
14	8.	**DEPRECIATION**				
15		*A> Adjustment for chg in depreciable property*		527,500	527,500	adjust from June per books to projected amounts
16		*B> Adjust for SGR for the test year*		(303,100)	(303,100)	remove amounts related to SGR from June
17		*C> Adjust for SIR for the test year*		(219,620)	(219,620)	remove amounts related to SIR from June
18		TOTAL ADJUSTMENTS TO DEPRECIATION	0	4,780	4,780	
19						
20	9.	**AMORTIZATION OF GAS INVESTMENT**				
21		*A>*			0	
22		TOTAL ADJUST. TO AMORT. GAS INVESTMI	0	0	0	
23						
24	10.	**AMORT. OF DEBT EXPENSE**				
25		*A>*			0	
26		TOTAL ADJUST. TO AMORT OF DEBT EXP.	0	0	0	
27						
28	11.	**ALLOW. FOR FUNDS USED DURING CONST.**				
29		*A>*			0	
30		*B>*			0	
31		TOTAL ADJUST. TO AFUDC	0	0	0	
32						
33	12	**AMORT. OF INVESTMENT TAX CREDIT**				
34		*A>*				
35		TOTAL ADJUST. TO ITC	0	0	0	

Atmos Energy Corporation - Mississippi Division

September SRF - 2017

LINE #

REVENUE ADJUSTMENT TEST (INCLUDING SIR)

A.	EXPECTED RETURN ON EQUITY (AFTER ADJ.)	9.16%
B.	PERFORMANCE BASED BENCHMARK RETURN	9.92%
C.	DIFFERENCE PBBR/ER	-0.76%
D.	ALLOWED DIFFERENCE PBBR/ER	0.00%
E.	REVENUE ADJUSTMENT INDICATED *	

* IF A REVENUE ADJUSTMENT IS INDICATED, PROCEED TO THE DETERMINATION OF REVENUE ADJUSTMENT.

APPENDIX "C"
Page 1
CALCULATION OF REVENUE ADJUSTMENT

Atmos Energy Corporation - Mississippi Division

September SRF - 2017

LINE #	Determination of Revenue Adjustment		
F.	EXPECTED RETURN ON EQUITY (AFTER ADJ.)	9.02%	
G.	PERFORMANCE BASED BENCHMARK RETURN	9.92%	
H.	DIFFERENCE PBBR/ER	-0.90%	
I.	ALLOWED DIFFERENCE PBBR/ER	0.00%	
J.	ALLOWED ADJUSTMENT TO RATES		0.00%
K	RATE BASE--EQUITY PORTION		198,425,825
L.	CHANGE IN EQUITY REV. FOR REQUIRED RETURN		0
M.	TAX EXPANSION		0
N.	TOTAL REVENUE CHANGE REQUIRED		**0**

FOUR PERCENT TEST

O.	ACTUAL GROSS REVENUE FROM TEST PERIOD	215,737,347
P.	FOUR PERCENT OF GROSS REVENUE	8,629,494
Q.	NET ADJUSTMENT ALLOWED WITHOUT HEARING	**0**

Atmos Energy Corporation - Mississippi Division

TAX EXPANSION FACTOR

Line #			
1	GROSS REQUIREMENT		1.0000
2	MUNICIPAL FRANCHISE TAX RATE		0.0175
3	Ln 1 - 2		0.9825
4			
5	STATE INCOME TAX (5% X Ln 3)	5.0%	0.049
6	Ln 3 - 5		0.9334
7			
8	FEDERAL INCOME TAX (35% X Ln 6)	35.00%	0.3267
9	Ln 6 - 8		0.6067
10			
11	Expansion Factor		0.6067

NOTE: Tax Rates Subject To Change.
Effective Municipal Franchise Tax Rate Recalculated Each Evaluation.

Atmos Energy Corporation - Mississippi Division

DETERMINATION OF FACTOR APPLIED TO RATES TO ACHIEVE REQUIRED REVENUE CHANGE

CALCULATION OF TEST PERIOD REVENUE

Line #	Revenue Month	(1) ACTUAL COLLECTION	(2) EFFECTIVE RATE	(3) ADJUSTABLE REVENUE
1.	07/2016	2,145,547	0.84098	2,551,250
2.	08/2016	2,116,979	0.84098	2,517,281
3.	09/2016	2,242,935	0.84098	2,667,053
4.	10/2016	2,529,564	0.84098	3,007,882
5.	11/2016	3,109,600	0.80917	3,842,953
6.	12/2016	4,733,029	0.80917	5,849,245
7.	01/2017	6,802,843	0.80917	8,407,195
8.	02/2017	6,804,816	0.93139	7,306,055
9.	03/2017	5,454,050	0.93139	5,855,791
10.	04/2017	4,346,791	0.93139	4,666,973
11.	05/2017	2,996,728	0.93139	3,217,465
12.	06/2017	2,477,393	0.93139	2,659,876
13.	Total	45,760,276		52,549,019
14.	Current Net Adjustment Allowed			0
15.	Annualized Stable Rate Revenue from most recent Evaluation			46,794,601
16.	Net Annual Change to Base Revenue			46,794,601
17.	Rate Adjustment Factor		REMAINS THE SAME	1.89049

The rate adjustment factor will be applied to the adjustable rate revenue in the next rate period.

Atmos Energy Corporation
Mississippi Division
September SRF - 2017

Summary of Performance Indicators

The score used for the Customer Satisfaction Indicator falls between 0 and 10.

III. Weighting

Company's scores on the Performance Indicator are weighted and averaged as follows:

Line #	Performance Indicator	Performance Score	X	Weight	=	Weighted Score
1.	Customer Price	10.00	x	0.75	=	7.50
2.	Customer Satisfaction	10.00	x	0.25	=	2.50
3.	Company's Performance Score (CPS)					10.00
4.					x	0.10
5.						1.00
6.					-	0.50
7.	Company's Performance Adjuster (PA)					0.50

The Company's Performance Adjuster (PA) is calculated as follows:

(CPS X .10) - .50 = PA

REQUEST:

Provide a detailed list of other utilities in other jurisdictions that have approved natural gas procurement PBR mechanisms. Further, explain how Atmos's PBR mechanism approved in Case No. 2020-00289[4] compares to active mechanisms in the other jurisdictions. For any discontinued mechanisms, provide all available details regarding their discontinuance.

RESPONSE:

Atmos Energy cannot speak as to all of the utility natural gas procurement PBR mechanisms in the country, but it can speak to the jurisdictions in which it operates. See the response to Staff 1-10.

Respondent: Trisha Young

[4] Case No. 2020-00289, Electronic Request of Atmos Energy Corporation for Modification and Extension of its Gas Cost Adjustment Performance Based Ratemaking Mechanism (Ky. PSC June 20, 2022).

REQUEST:

Provide a cost-benefit analysis of the costs associated with Atmos's negotiation of the discounted rate and the savings created from the PBR mechanism for ratepayers.

RESPONSE:

There are no additional costs associated with Atmos Energy's negotiation of the discounted rate. The cost is employee labor, which is primary a fixed expense.

Respondent: Trisha Young

REQUEST:

Provide the costs incurred to achieve savings under Atmos's PBR, and explain how those costs are recovered (i.e., through the Gas Cost Adjustment (GCA), netted against savings in the PBR, etc.).

RESPONSE:

See the response to Staff 1-09.

Respondent: Trisha Young

REQUEST:

Refer to Case No. 2023-00414,[5] GCA Quarterly Filing for the Period February 1, 2024–April 30, 2024, Exhibit E, Performance Based Rate Recovery Factor (PBRRF) Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

RESPONSE:

See Attachment 1.

ATTACHMENT:

Staff_1-14_Att1 - KY PBR Exhibit E Case 2023-00414.xlsx

Respondent: Liza Philip

[5] Case No. 2023-00414, Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation (filed Dec. 28, 2023).

Exhibit E

Atmos Energy Corporation
Performance Based Rate Recovery Factor
2023-00414
(PBRRF)

Line No.	Amounts Reported:	Total	AMOUNT
1	Company Share of 11/22-10/23 PBR Activity		$ 3,188,986.15
2	Carry-over Amount in Case No. 2022-00418		($417,036.16)
3			-
4	Total		$ 2,771,949.99
5			
6			
7	Total		$ 2,771,949.99
8	Less: Amount related to specific end users		0.00
9	Amount to flow-through		$ 2,771,949.99
10			
11			
12			
13	**Allocation**	**Total**	
14			
15	Company share of PBR activity	$ 2,771,949.99	
16			
17	**PBR Calculation**		
18			
19	Demand Allocator - All		
20	(See Exh. B, p. 6, line 10)	0.1452	
21	Demand Allocator - Firm		
22	(1 - Demand Allocator - All)	0.8548	
23	Firm Volumes (normalized)		
24	(See Exh. B, p. 6, col. (a), line 19)	16,200,546	
25	All Volumes (excluding Transportation)		
26	(See Exh. B, p. 6, col. (b), line 28)	16,499,844	
27			
28			
29	Total Firm Sales Factor (Line 15 / Line 26)	**$ 0.1680 / MCF**	
30			
31	Total Interruptible Sales Factor (Line 26)	**$ 0.1680 / MCF**	

Atmos Energy Corporation
Performance Based Rate Recovery - Residual Balance Calculation

PBR
Workpaper 1

Company Share of 11/20-10/21 PBR Activity	2,045,449.00
Carry-over Amount in Case No. 2021-00453	301.14
Total	2,045,750.14

Line No.	Month (a)	Sales (b)	PBRRF (c)	PBR Recoveries (d)	PBR Recovery Adjustments (e)	Total PBR Recoveries (d) + (e) = (f)	Balance Prior (g) - (f) = (g)
1							
2	Balance Forward (from above)						$ 2,045,750.14
3	Feb-22	3,565,671	$0.1431	$510,247.51	$1,396.60	511,644.11	1,534,106.03
4	Mar-22	2,390,124	0.1431	342,026.77	($794.44)	341,232.33	1,192,873.70
5	Apr-22	1,782,804	0.1431	255,119.32	$37,031.75	292,151.07	900,722.63
6	May-22	769,002	0.1431	110,044.22	($5,040.10)	105,004.12	795,718.51
7	Jun-22	443,007	0.1431	63,394.33	($33,233.96)	30,160.37	765,558.14
8	Jul-22	391,597	0.1431	56,037.60	($273.43)	55,764.17	709,793.97
9	Aug-22	328,538	0.1431	47,013.72	($104.36)	46,909.36	662,884.61
10	Sep-22	421,444	0.1431	60,308.65	($76.52)	60,232.13	602,652.48
11	Oct-22	634,871	0.1431	90,850.10	($80.48)	90,769.62	511,882.86
12	Nov-22	1,046,728	0.1431	149,786.83	($171.65)	149,615.18	362,267.68
13	Dec-22	2,361,112	0.1431	337,875.17	($264.46)	337,610.71	24,656.97
14	Jan-23	3,089,741	0.1431	442,141.99	($448.86)	441,693.13	(417,036.16)
15							
16	Total	17,224,642		$2,464,846.21	($2,059.91)	$2,462,786.30	($417,036.16)

REQUEST:

Refer to Case No. 2022-00418,[6] GCA Quarterly Filing for the Period February 1, 2023–April 30, 2023, Exhibit E, PBRRF Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

RESPONSE:

See Attachment 1.

ATTACHMENT:

Staff_1-15_Att1 - KY PBR Exhibit E Case 2022-00418.xlsx

Respondent: Liza Philip

[6] Case No. 2022-00418, Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation (filed Dec. 29, 2022).

Atmos Energy Corporation Exhibit E
Performance Based Rate Recovery Factor
2022-00418
(PBRRF)

Line No.	Amounts Reported:		AMOUNT
1	Company Share of 6/21-10/22 PBR Activity		$ 4,690,892.07
2	Carry-over Amount in Case No. 2021-00453		($724,383.64)
3			-
4	Total		$ 3,966,508.43
5			
6			
7	Total		$ 3,966,508.43
8	Less: Amount related to specific end users		0.00
9	Amount to flow-through		$ 3,966,508.43
10			
11			
12			
13	**Allocation**	**Total**	
14			
15	Company share of PBR activity	$ 3,966,508.43	
16			
17	**PBR Calculation**		
18			
19	Demand Allocator - All		
20	(See Exh. B, p. 6, line 10)	0.1476	
21	Demand Allocator - Firm		
22	(1 - Demand Allocator - All)	0.8524	
23	Firm Volumes (normalized)		
24	(See Exh. B, p. 6, col. (a), line 19)	16,571,768	
25	All Volumes (excluding Transportation)		
26	(See Exh. B, p. 6, col. (b), line 28)	16,851,020	
27			
28			
29	Total Firm Sales Factor (Line 15 / Line 26)	**$ 0.2354 / MCF**	
30			
31	Total Interruptible Sales Factor (Line 26)	**$ 0.2354 / MCF**	

Atmos Energy Corporation
Performance Based Rate Recovery - Residual Balance Calculation
Carry-over Amount in Case No.

PBR
Workpaper 1

Company Share of 11/19-10/20 PBR Activity	3,278,565.76
Carry-over Amount in Case No. 2020-00403	(1,011,930.69)
Total	2,266,635.07

Line No.	Month (a)	Sales (b)	PBRRF (c)	PBR Recoveries (d)	PBR Recovery Adjustments (e)	Total PBR Recoveries (d) + (e) = (f)	Balance Prior (g) - (f) = (g)
1							
2	Balance Forward (from above)						$ 2,266,635.07
3	Feb-21	3,389,655	$0.1807	$612,510.66	$1,263.13	613,773.79	1,652,861.28
4	Mar-21	2,766,915	0.1807	499,981.54	($763.23)	499,218.31	1,153,642.97
5	Apr-21	1,390,161	0.1807	251,202.09	($461.17)	250,740.92	902,902.05
6	May-21	763,455	0.1807	137,956.32	($498.10)	137,458.22	765,443.83
7	Jun-21	503,319	0.1807	90,949.74	($121.47)	90,828.27	674,615.56
8	Jul-21	390,293	0.1807	70,525.95	($182.19)	70,343.76	604,271.80
9	Aug-21	344,052	0.1807	62,170.20	($152.46)	62,017.74	542,254.06
10	Sep-21	470,438	0.1807	85,008.15	($72.17)	84,935.98	457,318.08
11	Oct-21	498,181	0.1807	90,021.31	($70.12)	89,951.19	367,366.89
12	Nov-21	1,096,894	0.1807	198,208.66	($44.19)	198,164.47	169,202.42
13	Dec-21	2,174,092	0.1807	392,858.41	($222.29)	392,636.12	(223,433.70)
14	Jan-22	2,775,180	0.1807	501,475.03	($525.09)	500,949.94	(724,383.64)
15							
16	Total	16,562,634		$2,992,868.06	($1,849.35)	$2,991,018.71	($724,383.64)

REQUEST:

Refer to Case No. 2021-00453,[7] GCA Quarterly Filing for the Period February 1, 2022 - April 30, 2022, Exhibit E, PBRRF Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

RESPONSE:

See Attachment 1.

ATTACHMENT:

Staff_1-16_Att1 - KY PBR Exhibit E Case 2021-00453.xlsx

Respondent: Liza Philip

[7] Case No. 2021-00453, Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation (filed Dec. 30, 2021).

Exhibit E

Atmos Energy Corporation
Performance Based Rate Recovery Factor
2021-00453
(PBRRF)

Line No.	Amounts Reported:	Total	AMOUNT
1	Company Share of 11/20-5/21 PBR Activity		$ 2,045,449.00
2	Carry-over Amount in Case No. 2020-00403		$286,594.08
3			-
4	Total		$ 2,332,043.08
5			
6			
7	Total		$ 2,332,043.08
8	Less: Amount related to specific end users		0.00
9	Amount to flow-through		$ 2,332,043.08
10			
11			
12			
13	**Allocation**	**Total**	
14			
15	Company share of PBR activity	$ 2,332,043.08	
16			
17	**PBR Calculation**		
18			
19	Demand Allocator - All		
20	(See Exh. B, p. 6, line 10)	0.1434	
21	Demand Allocator - Firm		
22	(1 - Demand Allocator - All)	0.8566	
23	Firm Volumes (normalized)		
24	(See Exh. B, p. 6, col. (a), line 19)	16,047,087	
25	All Volumes (excluding Transportation)		
26	(See Exh. B, p. 6, col. (b), line 28)	16,292,447	
27			
28			
29	Total Firm Sales Factor (Line 15 / Line 26)	**$ 0.1431 / MCF**	
30			
31	Total Interruptible Sales Factor (Line 26)	**$ 0.1431 / MCF**	

Atmos Energy Corporation
Performance Based Rate Recovery - Residual Balance Calculation
Carry-over Amount in Case No.

PBR
Workpaper 1

Company Share of 11/19-10/20 PBR Activity	3,278,565.76
Carry-over Amount in Case No. 2019-00459	549,224.68
Total	3,827,790.44

Line No.	Month (a)	Sales (b)	PBRRF (c)	PBR Recoveries (d)	PBR Recovery Adjustments (e)	Total PBR Recoveries (d) + (e) = (f)	Balance Prior (g) - (f) = (g)
1							
2	Balance Forward (from above)						$ 3,827,790.44
3	Feb-20	2,937,986	$0.2169	$637,249.18	($169.16)	637,080.02	3,190,710.42
4	Mar-20	2,417,500	0.2169	524,355.81	($855.60)	523,500.21	2,667,210.21
5	Apr-20	1,363,910	0.2169	295,832.17	($123.72)	295,708.45	2,371,501.76
6	May-20	861,893	0.2169	186,944.48	($503.02)	186,441.46	2,185,060.30
7	Jun-20	451,055	0.2169	97,833.74	($170.33)	97,663.41	2,087,396.89
8	Jul-20	375,955	0.2169	81,544.66	($87.54)	81,457.12	2,005,939.77
9	Aug-20	351,575	0.2169	76,256.66	$28.64	76,285.30	1,929,654.47
10	Sep-20	526,135	0.2169	114,118.68	($131.15)	113,987.53	1,815,666.94
11	Oct-20	587,457	0.2169	127,419.49	$17.24	127,436.73	1,688,230.21
12	Nov-20	1,034,587	0.2169	224,401.99	($83.21)	224,318.78	1,463,911.43
13	Dec-20	2,162,863	0.2169	469,125.03	($285.08)	468,839.95	995,071.48
14	Jan-21	3,269,203	0.2169	709,090.03	($612.63)	708,477.40	286,594.08
15							
16	Total	16,340,119		$3,544,171.92	($2,975.56)	$3,541,196.36	$286,594.08

REQUEST:

Refer to Case No. 2020-00403,[8] GCA Quarterly Filing for the Period February 1, 2021–April 30, 2021, Exhibit E, PBRRF Calculation. Provide all of Exhibit E in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

RESPONSE:

See Attachment 1.

ATTACHMENT:

Staff_1-17_Att1 - KY PBR Exhibit E Case 2020-00403.xlsx

Respondent: Liza Philip

[8] Case No. 2020-00403, Electronic Purchased Gas Adjustment Filing of Atmos Energy Corporation (filed Dec. 18, 2020).

Exhibit E

Atmos Energy Corporation
Performance Based Rate Recovery Factor
2020-00403
(PBRRF)

Line No.	Amounts Reported:		AMOUNT
1	Company Share of 11/19-10/20 PBR Activity		$ 3,278,565.76
2	Carry-over Amount in Case No. 2019-00459		($356,313.56)
3			-
4	Total		$ 2,922,252.20
5			
6			
7	Total		$ 2,922,252.20
8	Less: Amount related to specific end users		0.00
9	Amount to flow-through		$ 2,922,252.20
10			
11			
12			
13	**Allocation**	**Total**	
14			
15	Company share of PBR activity	$ 2,922,252.20	
16			
17	**PBR Calculation**		
18			
19	Demand Allocator - All		
20	(See Exh. B, p. 6, line 10)	0.1424	
21	Demand Allocator - Firm		
22	(1 - Demand Allocator - All)	0.8576	
23	Firm Volumes (normalized)		
24	(See Exh. B, p. 6, col. (a), line 19)	16,027,459	
25	All Volumes (excluding Transportation)		
26	(See Exh. B, p. 6, col. (b), line 28)	16,167,383	
27			
28			
29	Total Sales Factor (Line 15 / Line 26)	**$ 0.1807 / MCF**	
30			
31	Total Interruptible Sales Factor (Line 29)	**$ 0.1807 / MCF**	

Atmos Energy Corporation
Performance Based Rate Recovery - Residual Balance Calculation
Carry-over Amount in Case No.

PBR
Workpaper 1

Company Share of 11/18-10/19 PBR Activity	3,410,396.49
Carry-over Amount in Case No. 2018-00424	264,430.05
Balance Filed in Case No. 2019-00459	3,674,826.54

Line No.	Month (a)	Sales (b)	PBRRF (c)	PBR Recoveries (d)	PBR Recovery Adjustments (e)	Total PBR Recoveries (d) + (e) = (f)	Balance Prior (g) - (f) = (g)
1							
2	Balance Forward (from above)						$ 3,674,826.54
3	Feb-19	3,166,188	$0.2238	$708,592.95	$31,055.24	739,648.19	2,935,178.35
4	Mar-19	3,283,011	0.2238	734,737.78	($63,107.19)	671,630.59	2,263,547.76
5	Apr-19	1,693,273	0.2238	378,954.45	$970.33	379,924.78	1,883,622.98
6	May-19	841,109	0.2238	188,240.15	($778.40)	187,461.75	1,696,161.23
7	Jun-19	507,333	0.2238	113,541.21	($181.68)	113,359.53	1,582,801.70
8	Jul-19	454,599	0.2238	101,739.16	($509.01)	101,230.15	1,481,571.55
9	Aug-19	509,976	0.2238	114,132.70	($107.97)	114,024.73	1,367,546.82
10	Sep-19	524,885	0.2238	117,469.18	($104.45)	117,364.73	1,250,182.09
11	Oct-19	471,669	0.2238	105,559.53	($94.27)	105,465.26	1,144,716.83
12	Nov-19	1,503,572	0.2238	336,499.51	($51.14)	336,448.37	808,268.46
13	Dec-19	2,460,624	0.2238	550,687.70	($49.74)	550,637.96	257,630.50
14	Jan-20	2,742,972	0.2238	613,877.03	$67.03	613,944.06	(356,313.56)
15							
16	Total	18,159,211		$4,064,031.35	($32,891.25)	$4,031,140.10	($356,313.56)