

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

**FILED**  
**OCT 08 2021**  
**MISS. PUBLIC SERVICE**  
**COMMISSION**

ATMOS ENERGY CORPORATION  
GC123008100

DOCKET NO. 2005-UN-503

IN RE: STABLE RATE ANNUAL EVALUATION FOR TWELVE (12) MONTHS  
ENDING MARCH 31, 2021

**JOINT STIPULATION BETWEEN ATMOS ENERGY CORPORATION AND THE  
MISSISSIPPI PUBLIC UTILITIES STAFF**

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

1. On July 1, 2021, Atmos Energy filed its Stable/Rate Annual Evaluation for the twelve (12) months ending March 31, 2021 ("July 2021 Stable Rate Filing").

2. On March 1, 2021, Atmos Energy made its sixth annual filing pursuant to the System Integrity Rider ("SIR") ("March 2021 SIR Filing"). On July 1, 2021, Atmos Energy filed its SIR Compliance Tariff Filing and supporting schedules updated to reflect inputs filed contemporaneously in its July 2021 Stable Rate Filing.

3. Atmos Energy's July 2021 Stable Rate Filing is summarized as follows:

Adjusted Rate Base	\$507,104,171
Weighted Average Cost of Capital	7.81%
Revenue Adjustment	(\$729,899)

4. The MPUS has completed its review of the Evaluation of the July 2021 Stable Rate Filing. 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.

5. 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 \$507,104,171 to \$473,932,371 to reflect the capitalized portion of certain Staff adjustments. This reflects a reduction in rate base of \$33,171,800.<sup>1</sup>
- b) Atmos Energy's adjusted operation and maintenance expenses as amended are reduced by \$1,482,594 to \$45,185,130. The O&M expense adjustment includes Incentive Compensation of \$1,214,914; \$3,423 for expenses such as memberships, dues, and registrations; \$138,383 for business meals and entertainment expenses, and \$125,874 for other direct and allocated expenses adjusted by Staff.
- c) Additional adjustments include a reduction in interest expense on customer deposits in the amount of \$14,613; a reduction in the amortization of debt expense of \$42,092; a reduction in the interest on long term debt in the amount of \$682,743; and an increase in regulatory tax expense and general taxes in the amount of \$17,804.

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<sup>1</sup> \$30,862,879 of this total reduction in rate base results from an inadvertent error in the filing related to ADIT, which was identified by the parties in the discovery process.

- d) Due to the extraordinary circumstances arising from the COVID-19 pandemic, the Staff and the Company agree that for the purposes of this filing only, the Company's adjustment to bad debt expense proposed in the filing is consistent with the public interest to reflect just and reasonable bad debt expenses in the test period.
- e) As noted in Atmos Energy's filing on April 23, 2021, in Docket No. 2014-UN-17, cost recovery for its Energy Efficiency Portfolio, pilot SmartChoice Assist program, and Atmos Energy Innovations initiatives were included in its 2021 Stable Rate filing, and the Staff and the Company agree that the proposed cost recovery related thereto is just and reasonable and consistent with the public interest. The Company shall make a compliance filing to reflect the implementation of these programs and the appropriate allocation of associated costs to all customer classes, as well as any necessary amendments to the Stable / Rate Adjustment Rider.

6. Atmos Energy's 2021 Stable Rate Adjustment Evaluation with the adjustments stated above and agreed to by the Company and Staff, attached as Exhibit A, results in a Revenue Adjustment of (\$5,624,051).

7. Atmos Energy's 2021 Stable Rate Adjustment Evaluation includes an acceleration of the amortization of the unprotected portion of the excess deferred income tax liability established as part of the 2017 Tax Cut and Jobs Act ("TCJA") and Staff agrees to this change in amortization, which is included in Exhibit A.

8. Pursuant to and consistent with the Joint Stipulation between the Company and the Staff in this docket dated October 21, 2019 ("2019 Stipulation"), and the Commission's Order adopting same, this filing reflects a Weighted Average Cost of Capital of 7.81%. Staff and the Company have reviewed and discussed Rate and Rider Schedules 304, 307, 308, 309, 310, 311, 319, 323, 324, and 325 and agree that it is in the public interest to undertake an evaluation to consolidate two or more of those schedules. Accordingly, Atmos Energy agrees to collaborate with the Staff to undertake a review of these rate and rider schedules as part of the annual filing process in 2022 and/or 2023 and consider proposals to streamline Atmos Energy's approved tariff for the sole purpose of administrative simplification consistent with the public interest.

9. The Staff and the Company agree that upon an Order of the Commission adopting this Stipulation, the Company shall make a compliance filing to reflect these modifications in its Stable Rate and SIR tariffs.

#### **OTHER PROVISIONS**

10. 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.

11. 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.

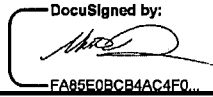
12 All provisions of this Stipulation have been agreed upon by and between MPUS and Atmos Energy consistent with the requirements of Atmos Energy's tariff on file with the Commission.

So stipulated, this the 8<sup>th</sup> day of October, 2021.

**MISSISSIPPI PUBLIC UTILITIES STAFF**

BY:   
Sally Doty, Executive Director

**ATMOS ENERGY CORPORATION**

BY:   
Mathew Davidson, Vice-President  
Rates and Regulatory Affairs