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# EXETER

ASSOCIATES, INC.

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REF: 160207

February 18, 2016

Brandon M. Fry, Esq.  
LPSC Executive Counsel  
Louisiana Public Service Commission  
Galvez Building, 12th Floor  
602 North Fifth Street  
P.O. Box 91154  
Baton Rouge, LA 70821-9154

Re: Atmos Energy Corporation – Trans Louisiana Rate Division  
Review of Annual Rate Stabilization Clause Filing

Dear Mr. Fry:

Exeter Associates, Inc. (Exeter) is pleased to submit this proposal to assist the Louisiana Public Service Commission (Commission or Staff) with the review of the annual Rate Stabilization Clause (RSC) of Trans Louisiana Gas Company (Trans La) for the 2015 test year.

## **Proposed Services**

With regard to the review of the RSC filings, the services that Exeter will provide to Staff will include:

- Reviewing the annual RSC filings of Trans La;
- Conducting discovery, including preparing written data requests and conducting follow-up discovery conferences, as necessary;
- Verifying that the filings are consistent with the provisions of the Commission's order establishing the RSC along with other Commission guidelines regarding properly recoverable costs; and
- Preparing a report presenting Staff's findings and recommendations regarding any adjustments to the Company's claims and identifying the appropriate rate adjustment.

### **Qualifications**

Exeter is well-qualified to provide the assistance that the Commission requires. Exeter has extensive experience addressing utility regulatory matters before the LPSC, as well as other state and federal regulatory agencies. The firm's experience includes extensive work in analyzing the operations, books, and records of utility companies and providing expert testimony on all aspects of utility regulation and ratemaking. The issues addressed in this work have included:

- Appropriate accounting standards and practices for utilities, public utility accounting, and generally accepted accounting standards;
- Appropriate ratemaking adjustments to utility accounting records;
- Appropriate allocations of costs to base rates and fuel charges;
- Recoverable expenses for ratemaking purposes;
- Just and reasonable costs and prudent investments associated with providing reliable and quality service; and
- Utility taxation.

Exeter is also uniquely qualified to provide assistance with respect to the RSCs of Trans La. We worked with Staff in formulating the current RSCs of Trans La and Louisiana Gas Service Company (LGS) and we have reviewed their annual RSC filings in each year since they were approved in 2005. We have also assisted with the reviews of similar rate stabilization plans of other gas and electric utilities in Louisiana. In addition, Exeter recently conducted a cost of equity study for Entergy Gulf States Louisiana, L.L.C. gas operations (EGSL Gas) and has addressed return on equity for numerous other gas and electric utilities in Louisiana and other jurisdictions.

Mr. Thomas S. Catlin, a principal of Exeter, will be primarily responsible for reviewing the RSC filings. Mr. Catlin participated in the development of the existing RSCs of Trans La and has conducted the subsequent annual reviews. Other members of Exeter's staff will be available to assist as necessary.

**Cost Proposal**

Exeter proposes to perform RSC reviews for Trans La for the 2015 test year at a cost not to exceed \$19,000 for professional services, plus direct expenses not to exceed \$2,000. Exeter will bill for professional services at our standard hourly billing rates which range from \$80 per hour for research assistants to \$220 for principals. Direct expenses will be billed at cost.

**Conflict of Interest**

Please note that Exeter has no business relationship with Atmos Energy or any of its affiliates, nor have we ever had such a relationship. Thus, we have no conflict of interest that could impair or restrict our ability to provide assistance and objective advice to Staff. If you have any questions of either a technical or a contractual nature, please do not hesitate to call. We look forward to again being of service to the Commission and the ratepayers of Louisiana.

Very truly yours,



Thomas S. Catlin  
Vice President

TSC/arr