

**J. KENNEDY  
AND  
ASSOCIATES, INC.**

**PROPOSAL TO THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**IN RESPONSE TO RFP 25-12**

**DOCKET NOS. TBD**

**ATMOS ENERGY CORPORATION  
LOUISIANA DIVISION**

**IN RE: APPLICATION FOR RENEWAL OF RATE STABILIZATION  
CLAUSE RIDER  
AND  
REVIEW OF RATE STABILIZATION CLAUSE EVALUATION REPORTS  
FOR TEST YEARS 2026, 2027, AND 2028**

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Suite 305  
Roswell, Georgia 30075  
770-992-2027**

**DECEMBER 3, 2025**

## **Executive Summary**

J. Kennedy and Associates, Inc. (Kennedy) is pleased to submit this proposal to assist the Louisiana Public Service Commission Staff (LPSC or Commission and Staff) in its review of the Atmos Energy Corporation's (Atmos) Application for Renewal of Rate Stabilization Clause Rider (RSC), expected to be filed on or before January 31, 2026 and, if the Commission approves the renewal of the RSC, in its review of the RSC Evaluation Reports for the test years 2026, 2027, and 2028 in response to the Commission's Request for Proposal (RFP) dated October 30, 2025. The RFP states: "This RFP seeks to hire an outside consultant to not only review the request to renew the RSC, along with any modifications requested by Atmos, but also Atmos' RSC in its entirety and whether any additional modifications should be recommended. Further, this RFP seeks to retain a consultant to review the annual report RSC filings, should the Commission approve a three-year extension."

In its Notice of Intent, Atmos indicated that it plans to file testimony on the "appropriate return on equity and capital structure as well as testimony from the Company's pipeline safety engineering expert on the expected capital investment requirements to address relative risk and comply with state and federal pipeline safety regulations as part of the Company's ongoing System Integrity Investment Plan ("SIIP")." In its Notice of Intent, Atmos suggested the Commission retain an engineering consultant with expertise in pipeline safety in addition to a financial consultant. This proposal does not include a review of the Company's compliance with state and federal pipeline safety regulations as part of the Company's SIIP.

Kennedy is well qualified to assist the Commission in the reviews of these filings in a knowledgeable and efficient manner. We already are familiar with Atmos and the Louisiana rate division, including the RSC filings and Purchased Gas Adjustment ("PGA") filings; its accounting

and allocation practices, including their shared services divisions that allocate costs to the Louisiana and other rate divisions; and its external reporting, and annual rate reporting and rate change filings.

Kennedy has represented the Kentucky Office of the Attorney General before the Kentucky Public Service Commission and various groups of Cities with original rate jurisdiction before the Texas Railroad Commission in numerous recent Atmos rate proceedings and is familiar with issues that likely will be relevant in this RSC renewal proceeding.

In addition, Kennedy has developed RSCs and formula rate plans (FRP) for several of the utilities subject to the Commission's jurisdiction, and we have assisted the Commission Staff in the annual reviews of the filings pursuant to those formula rate plans. For example, Kennedy assisted Staff in the development of an FRP for 1803 Electric Cooperative, Inc., development of an FRP for Southwestern Electric Power Company (SWEPCO), and review of several SWEPCO annual FRP rate filings. We also assisted the Staff in the development of FRPs for several distribution cooperatives (Dixie Electric Membership Cooperative, Inc. (DEMCO), South Louisiana Electric Cooperative Association (SLECA), and Claiborne Electric Cooperative Inc. (Claiborne), and in the reviews of the annual FRP filings by these and other cooperatives.

Further, we have assisted the Staff in setting base rates for ELL, Cleco Power, LLC, and 1803 Electric Power Cooperative, Inc. We have assisted Staff with its review of the PGA filings for TransLa and LGS, CenterPoint Energy Arkla, CenterPoint Energy Entex, and Entergy Louisiana LLC.

We will assist Staff in thoroughly reviewing the Company's Application for renewal of the RSC to identify and address the issues that affect the Company's revenue requirement, including the return on equity, capital structure, rate base investment, operating revenues, and operating expenses. In the subsequent three RSC Evaluation Report proceedings, we will assist Staff in thoroughly reviewing the Company's filing, including testimony, schedules, and workpapers to determine if the

Company has complied with the requirements set forth in the Commission's RSC Orders and whether the rate changes, if any, are correct, just and reasonable.

In the renewal and subsequent annual proceedings, we will review all filings and workpapers, conduct discovery, participate in meetings with the Commissioners, Staff and other parties as requested, perform analyses, and if we identify any issues, we will endeavor to work closely with Atmos to reach mutually acceptable resolutions to the issues. However, in the event that it becomes necessary to litigate any matter, we will develop expert testimony, testify at hearing, and provide any other requested regulatory support services, such as assisting in the preparation of cross examination, and helping to draft motions, exceptions, briefing materials, and Commission orders.

#### **Budget to Perform These Services**

Kennedy proposes a budget of \$319,900 consisting of \$129,700 for consulting services and \$2,700 for expenses in the renewal proceeding and \$60,700 for consulting services and \$1,800 for expenses in each of the annual RSC Evaluation Report proceedings in 2027, 2028, and 2029. Our services will be billed based on the hourly billing rates attached to this letter. We will not increase these hourly billing rates without authorization from the Commission. We will invoice monthly for our services based on actual hours worked and actual expenses incurred. We will not exceed the total services and expense budgets based on the scope of work outlined without authorization from the Commission. Furthermore, we acknowledge that any expenses charged will be within the Commission's standard expense allowances.

## **Kennedy Qualifications**

Kennedy is well qualified to assist the Staff in this docket due to our familiarity with Atmos and all Louisiana ratemaking mechanisms, including the RSC. In addition, Kennedy has provided extensive consulting assistance to Staff in dozens of other proceedings involving nearly all of the electric and natural gas utilities in the state. These proceedings have involved rulemakings, acquisitions, rate cases, fuel clause audits, purchased gas adjustment clause audits, and affiliate transactions. Kennedy's experience and the expert appearances of the Kennedy consultants are detailed in our Qualifications package, a copy of which is enclosed with our proposal.

Kennedy meets all professional qualification requirements specified in the Commission's RFP for technical consultants. Second, our firm has been involved in hundreds of regulatory proceedings since its formation, with our principals and other consultants having provided expert testimony on several hundreds of occasions. These proceedings have included analyzing the operations, books, and records of utility companies for the purpose of setting just and reasonable rates, addressing affiliate transactions and cost-sharing among utility affiliates (regulated and non-regulated), fuel recovery through fuel adjustment clause and purchased gas adjustment clause filings, the base ratemaking process, and addressing various intercompany system agreements. Our principals and consultants are experienced and have filed testimony on the following subjects, among others:

1. Appropriate accounting standards and practices for natural gas utilities, public utility accounting, and generally accepted auditing standards;
2. The appropriate ratemaking adjustments to be made to the utility's accounting records;
3. The determination and calculation of the appropriate rate base of utility plant investment dedicated to providing service;

4. Traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
5. The cost allocation methodologies for the allocation of investment and expenses between affiliates, including the relationship of the holding company to its subsidiary operating companies, the transfer of investment and costs between operating companies, and the provision of services between affiliates;
6. Cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
7. Just and reasonable costs and prudent investments associates with providing reliable and quality service as recommended by NARUC; and
8. Depreciation and taxation.

### **Kennedy Project Team**

Mr. Lane Kollen, President, CPA, CMA, CGMA will manage this project. He will be assisted by other Kennedy personnel as appropriate, including Mr. Randy Futral, Director, Consulting and Mr. Richard Baudino, Consultant to Kennedy. Mr. Kollen, Mr. Futral and Mr. Baudino, as well as all other Kennedy consultants, are experienced regulatory consultants and have performed numerous audits and reviews in conjunction with Staff. Mr. Kollen, Mr. Futral, and Mr. Baudino have testified on regulatory matters on numerous occasions in multiple jurisdictions, including numerous proceedings before the Commission.

Mr. Kollen has several decades of experience in nearly all facets of utility operations, including the design and review of ratemaking mechanisms such as the RSC. In addition, he is an expert in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisitions and diversification. Mr. Kollen has expertise in various software systems used by utilities for budgeting, rate case support and strategic and financial planning. Mr. Kollen has testified on hundreds of occasions before state and federal regulatory

commissions and courts on utility matters. Mr. Kollen's education, professional certifications, and professional experience are shown on the resume attached to this proposal, which includes a list of his expert testimonies by date, jurisdiction, party represented, and subject matters.

Mr. Randy Futral, Director, Consulting, is an expert on utility ratemaking and analyses, including electric and gas utilities and cooperative electric utilities. He has performed numerous audits in conjunction with the Staff, including several annual FRP filings made by SWEPCO and by Louisiana cooperative electric utilities such as DEMCO, SLECA, Claiborne, and Beauregard, fuel adjustment clause filings for ELL and SWEPCO and Cleco Power, LLC., PGA filings made by Atmos, CenterPoint Energy Resources Corp., and ELL. He also has participated and filed testimony in numerous proceedings before the Federal Energy Regulatory Commission on behalf of the Commission in various Entergy wholesale tariffs and its accounting. Mr. Futral's education and professional experience are shown on the resume attached to this proposal, which includes a list of his expert testimonies by date, jurisdiction, party represented, and subject matters.

Mr. Richard Baudino, Consultant to Kennedy, also has expertise in return on equity, capitalization, cooperative electric utility ratemaking, regulatory finance and accounting, and formula rate plans. More specifically in Louisiana, Mr. Baudino assisted the Staff in numerous management audits of distribution utilities and in FAC audits involving SWEPCO and ELL. In addition, Mr. Baudino assisted the Commission in the development of the service quality improvement program for SWEPCO in Louisiana. Mr. Baudino has addressed return on equity and capital structure in expert testimony on more than one hundred occasions. Mr. Baudino's education and professional experience are shown on the resume attached to this proposal, which includes a list of his expert testimonies by date, jurisdiction, party represented, and subject matters.

### **Action Plans and Timelines**

Kennedy is prepared to begin work on the Company's request for renewal of the RSC immediately upon being retained by the Commission. We have developed the following Action Plan and Timeline for the major activities in this proceeding. We will assist the Staff in the following actions:

1. Review the Company's Application, testimony, schedules, and workpapers.
2. Prepare discovery and review responses.
3. Determine the reasonableness of the RSC filings and proposed rate changes, if any. This includes reviewing the filings, conducting discovery, performing analyses, and identifying issues.
4. Develop recommendations and quantify the effects of proposed adjustments, if any.
5. Negotiate with Atmos to address recommendations and resolve proposed adjustments, if any, and to develop a Settlement Agreement, if possible.
6. Develop testimony, either to support a Settlement Agreement with Atmos, if there is a settlement, or to litigate unresolved issues.
7. Assist Staff counsel in preparation for hearing, testify at hearing, and provide all other requested regulatory support services.
8. Assist Staff at the Commission's B&E, if requested.

Kennedy also will be prepared to begin work on each of the Company's annual Evaluation Reports immediately after the Company makes its filings in 2027, 2028, and 2029. We have developed the following Action Plan and Timeline for the major activities in this proceeding. We will assist the Staff in the following actions:

1. Review the Company's filing and workpapers.
2. Prepare discovery and review responses.



3. Determine the reasonableness of the RSC filings and proposed rate changes, if any. This includes reviewing the filings, conducting discovery, performing analyses, and identifying issues.
4. Develop recommendations and quantify the effects of proposed adjustments, if any.
5. Negotiate with Atmos to address recommendations and resolve proposed adjustments, if any, and to develop a Settlement Agreement, if possible.
6. Develop testimony, either to support a Settlement Agreement with Atmos, if there is a settlement, or to litigate unresolved issues.
7. Assist Staff counsel in preparation for hearing, testify at hearing, and provide all other requested regulatory support services.
8. Assist Staff at the Commission's B&E, if requested.

We will complete the evaluation of the annual Evaluation Reports in the timeline set forth in the RSC tariff.

In assisting Staff in the Company's request for renewal of the RSC, Kennedy will review and analyze Atmos' application, including the pre-filed testimony of Atmos' witnesses. In addition to reviewing and addressing modifications proposed by Atmos, Kennedy will review the entirety of the RSC to determine whether other modifications should be made. This review will include all terms and conditions of the RSC, including but not necessarily limited to, the extraordinary clause provision, the currently approved rate of return, the Company's capital structure, the O&M benchmark cap, whether Atmos should have an earnings bandwidth, among other aspects of the tariff.

Kennedy will assist in the following activities: draft, review, and analyze discovery and associated responses; review accompanying workpapers and Atmos' financial information in support of its requests; review and research, as necessary, prior Commission Orders dictating certain components of Atmos' RSC; participate in formal status conferences, pre-trial

conferences, depositions, and hearings; prepare for filing a recommendation and direct testimony on Atmos' application and cross-answering testimony, if necessary, together with exhibits supporting the same; assist in the review and analysis of stipulation terms; testify before an administrative law judge, whether in a contested or stipulated hearing; and assist in the preparation of briefing materials for Staff and the Commissioners. This scope is meant to be illustrative and is not intended to exclude any other activities that may be necessary to conclude this Docket, which shall be through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation. As instructed in the RFP, Kennedy anticipates a contested hearing and has prepared its scope of work and budgets accordingly.

In assisting Staff with the reviews of the annual Evaluation Reports, Kennedy will review the RSC filing and accompanying workpapers; assist Commission Staff in drafting and responding to discovery; participate in formal status conferences, pre-trial conferences, depositions, and hearings; prepare for filing a recommendation and direct testimony on Atmos' RSC annual review and cross-answering testimony, if necessary, together with exhibits supporting the same; assist in the review and analysis of stipulation terms; testify before an administrative law judge, whether in a contested or stipulated hearing; and assist in the preparation of briefing materials for Staff and the Commissioners. The scope of the work will continue through the conclusion of each RSC filing docket through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation.

### **No Conflicts of Interest**

Kennedy has no known conflicts of interest in representing the Louisiana Public Service Commission in this proceeding and none of the Project Team members presently represent other

clients before the Commission. Kennedy does not represent investor-owned gas or electric utilities.

**J. Kennedy and Associates, Inc.**  
**Hourly Fee Schedule**  
**Atmos Energy Corporation Request For Renewal of**  
**Rate Stabilization Clause Rider in 2026 And Reviews of**  
**AEC Annual RSC Evaluation Reports in 2027, 2028, and 2029**

<u>Title</u>	<u>Name</u>	<u>Hourly Rate</u>
President	Lane Kollen	\$330
Vice President	Philip Hayet	\$330
Executive Consultant	Stephen J. Baron	\$330
Director	Brian R. Barber	\$310
Director	Randy Futral	\$310
Director	Leah Justin Wellborn	\$310
Consultant	Evelyn Menendez	\$220
Analyst	Jessica Inman	\$155
Outside Consultant	Richard A. Baudino	\$310
Outside Consultant	Ann Bruccoliere	\$240
Outside Consultant	Brian Kollen	\$190
Outside Consultant	Anthony Sandonato	\$300

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