
RFP 23-07 Docket U-36658, Atmos Energy Corporation, ex parte. In re: Application for Renewal of Rate Stabilization Clause Rider

MARCH 3, 2023

Prepared for:

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I. INTRODUCTION

The Louisiana Public Service Commission ("Commission" or "LPSC"), in accordance with the requirements of the LPSC General Order dated November 10, 2014 ("Contract Order"), is seeking proposals from outside consultants to assist the Commission Staff in the review and analysis of Atmos Energy Corporation's ("Atmos" or "Company") request to renew its Rate Stabilization Clause Rider ("RSC"). The LPSC seeks to hire an outside consultant to not only review the request to renew the RSC, along with the modifications requested by Atmos, but also Atmos' RSC in its entirety and whether any additional modifications should be recommended. Further, the LPSC seeks to retain a consultant to review the annual report RSC filings, should the Commission approve a three-year extension.

Larkin & Associates, PLLC ("Larkin"), are pleased to submit this proposal to the LPSC to perform the desired review.

In accordance with the stipulated settlement accepted in Order No. U-35535, Atmos was granted a 3-year RSC beginning with Test Year 2020. In the current Docket, Atmos is requesting a three-year renewal of the RSC, with modifications to "adjust to Atmos's specific characteristics and circumstances, which are constantly changing, so that the Company's financial integrity is maintained." The modifications requested by Atmos are:

- 1) allowing the Company to use its actual capital structure to adjust rates;
- 2) an updated return on equity of 10.85%;
- 3) the removal of the Company's not-to-exceed operation and maintenance expense ("O&M") benchmark provision established in Docket No. U-35122 (Atmos has recently requested two exemptions from the O&M benchmark provision); and
- 4) an update to the Extraordinary Cost Provision in the RSC to provide more certainty and transparency regarding when that provision should be used.

The Company filed the testimony of the following three witnesses in support of its application: Don A. Erikson, Joe T. Christian, and Matthew R. Howard.

In preparing this proposal, Larkin has reviewed Atmos' Application and the accompanying witness testimony and exhibits, paying particular attention to the RSC formula rate plan renewal included in the pre-filed direct testimony of Joe Christian.

Atmos' Application requests the renewal of the RSC Rider ("RSC Tariff") for an additional three years with certain modifications and updates. In LPSC Order No. U-35535, the Commission approved the current RSC Tariff for a three-year term using the test periods calendar years 2020, 2021, and 2022. The Commission further directed Atmos Energy to make a filing to seek renewal of RSC Tariff by January 31, 2023.

Prompted by catastrophic natural gas pipeline failures in Allentown, Pennsylvania and San Bruno, California, the federal government issued a call to action to enhance pipeline safety by identifying pipeline risks and repairing, rehabilitating, and replacing the highest risk infrastructure. Since that time, the Pipeline and Hazardous Material Safety Administration ("PHMSA") has implemented regulations consistent with the call to action, and state regulators have been charged with enforcing these regulations. The regulations include both prescriptive, detailed requirements and also require operators to use their discretion to make operational and investment decisions to address safety issues to the best of their ability based on the specific circumstances and characteristics of their systems. In addition, both federal and state rate regulators have recognized and supported the need for accelerated safety-related investment.

Atmos implemented its risk-based System Integrity Investment Program ("SIIP") and increased its capital investment while maintaining rates in response to PHMSA's regulations.

Modifications to the RSC Tariff include:

- 1) Using its capital structure to adjust rates;
- 2) Updating the return on equity ("ROE") to 10.85% to reflect the current cost of equity;

- 3) Removing its not-to-exceed operation and maintenance (“O&M”) expense benchmark provision established in Docket No. U-35122; and
- 4) Modifying the RSC Tariff’s Extraordinary Cost Provision to provide Atmos and the Commission more certainty and transparency on when that provision should be used.

Larkin proposes to assist the Commission’s in-house Staff (Legal, Utilities, and Auditing Divisions) in reviewing Atmos’ request and providing a recommendation to the Commission.

II. SCOPE OF REPRESENTATION

The independent consultant retained by the Commission shall assist the Commission's Legal, Utilities, and Audit Divisions by reviewing and analyzing the application, including the pre-filed testimony of three witnesses and the Company's request for modifications outlined above. While the independent consultant shall consider Atmos' modifications, the Company's entire RSC should be reviewed to determine whether any other modifications should be made. Such a review would include a review of 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, and whether Atmos should have an earnings bandwidth.

In assisting Staff with the above, the independent consultant 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.

The independent consultant should also become familiar with Commission Docket No. X-35937 and be prepared to adhere to any recommendations and/or Commission Orders that result from said Docket.

Should the Commission approve a three-year extension of Atmos' RSC, the independent consultant shall assist in the review and analysis of each annual RSC filing for the 3 Test Years. In performing this duty, the independent consultant shall 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 shall 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.

III. PERIOD OF REPRESENTATION

The estimated time period estimated to complete the Scope of Representation is approximately 12 months and approximately 5 months per annual review of the RSC, should it be renewed. This is merely an estimate and may vary greatly depending upon whether the matter is contested, and as such the Commission makes no representations as to the accuracy of the Period of Representation. In developing our proposal we used the following estimated timeline:

| | |
|------------------|---------------------------|
| Proposals Due | Friday, March 3, 2023 |
| Project Start | Tuesday, March 28, 2023 |
| Project duration | Wednesday, March 27, 2024 |
| | Estimated 12 months |

IV. MINIMUM REQUIREMENTS

Larkin has extensive experience in analyzing the operations, books and records and capital and operating budgets of electric utility companies, particularly natural gas public utilities, for the purpose of setting rates and an RSC. Larkin has extensive experience testifying before and advising utility regulatory commissions and is qualified to provide expert assistance with respect to the following:

Larkin meets the following minimum requirements in addition to those provided in this Commission's Contract Order dated November 10, 2014. The RFP states: "Consideration will be given to factors which indicate degrees of competence such as the amount of practical experience in the field of public utility practice, similar practice before this or other regulatory agencies, and knowledge of Louisiana ratemaking standards and regulatory law." As described herein, Larkin has extensive experience before other state public utility commissions, as well as 46 years of practical experience in the field of public utility regulation.

Larkin is qualified and prepared to draft and render expert testimony and be cross-examined with respect to all of the issues addressed in this RFP and which are likely to arise in the proceeding, including but not limited to:

- (1) Larkin has experience with appropriate accounting standards and practices for natural gas public utilities, public utility accounting, and generally accepted auditing standards;
- (2) Larkin has experience with appropriate ratemaking adjustments to be made to the utility's accounting records;
- (3) Larkin has an understanding of the determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;
- (4) Larkin has knowledge of traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;

(5) Larkin has experience with 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) Larkin has experience with cost of capital, including capital structure, cost of debt, cost of equity and rates of return, as well as the ability to conduct a cost of capital study;

(7) Larkin has knowledge of just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;

(8) Larkin has experience with depreciation and taxation; and

(9) Larkin has knowledge of prior Commission Dockets regarding Atmos, including Order No. U-35535, which dictates the terms of the RSC, Order No. U-35122, which established the O&M benchmark cap, and Docket No. X-35937, which is a review of Atmos' SIIP.

We understand that in the event the Larkin is chosen to perform this work, the Commission and its Staff shall have the right to determine how the tasks will be carried out.

We believe that this proposal demonstrates that Larkin has the qualifications and experience necessary to meet the requirements of this RFP and the Commission's Contract Order.

V. DELIVERABLE PRODUCTS

Invoicing

As required by the Contract Order, all bills will be rendered monthly and shall specifically identify and describe all work performed, the person performing such work, the time and charge for such work, and shall additionally show the total amount billed to date and the authorized original estimate. Bills will be rendered in strict accordance with the Commission's guidelines. Expenses shall also be separately disclosed with proof of such expenses attached.

Expenses, where applicable, shall be reimbursed at state authorized rates as specified in the Travel Policies and Procedures Memorandum issued by the State of Louisiana, Division of Administration in effect at the time such expenses are incurred ("Allowable Expenses"). Any expenses that exceed the Allowable Expenses shall be borne by the contract employee and shall not be reimbursed by either the Commission, or the correspondent utility, unless otherwise specified by the Commission.

Interim Progress Reporting

At the midpoint of the project activities, Larkin will submit a status report to the Staff indicating progress. Larkin anticipates the interim report will be provided after responses to initial sets of discovery requests have been reviewed.

Other progress reporting will occur as needed throughout the project.

Production of Documents

Upon the request of the Commission or its Staff, Larkin will immediately produce any document or information obtained or produced within the scope review.

VI. APPROACH TO THE ASSIGNMENT/WORK PLAN

Larkin believes that the best approach for accomplishing the objectives of the audit is a combination of document review, interviews/virtual meetings (possibly supplemented with site-visits/meeting), and analysis. A description of each follows:

- Document Review: Larkin will review all documents detailing Atmos's Rate Stabilization Clause Rider. This would include not only the Application and the testimony of Atmos' three witnesses, but also policy and procedures manuals, transmission and distribution system performance, vegetation management information, system hardening project prioritization and vendor contracts, agreements between Atmos and affiliates, contract correspondence files, performance records, strategic plans, strategic studies, special studies and recent internal and external audits.
- Interviews: Interviews would be conducted with the personnel involved in transmission and distribution system planning, plant and operating expense accounting, budgeting, outage response, storm restoration, regulatory and ratemaking, and Atmos and affiliate staff in support departments, e.g., internal auditing, administration, legal, as well as the outside consultants that Atmos employed related to its RSC Rider and the design of the Rider.
- Performance: The analysis of performance will include evaluating the Company's performance in a number of areas including storm restoration, reliability measurements, construction costs, identification of circuits prone to fail and prioritization of maintenance and capital spending, accounting procedures for plant and maintenance costs, and how Atmos prioritizes projects related to reliability and resiliency. Atmos' performance will be measured against its own stated guidelines and, in some areas, against the performance of other regional utilities. Both quantitative and qualitative comparisons will be made. Types of performance measures could include vegetation management plans and backlogs, reliability measures, storm restoration costs and timeline, depreciation rates and distribution system replacement rates. In addition, Atmos' accounting details will be reviewed, with a focus on costs that would be recovered in the Rider.
- Financial Verifications: Larkin will verify that Atmos has the procedures in place to ensure accurate booking of its transmission and distribution plant costs and the cost of maintenance and for accounting for the cost of resiliency projects that would be recoverable through Atmos' RSC Rider. Atmos' accounting and budgeting documentation for each type of cost proposed by the Company for the RSC Rider will be reviewed.

Larkin plans to include the LPSC staff in all aspects of the audit, as desired. All meetings, interviews, and site visits will be scheduled to allow staff to participate. Staff will be copied on all correspondence. To the extent significant problems, delays in receiving requested information, or other issues are encountered, the team will discuss said problems and issues with the LPSC Staff.

The work plan for this engagement is provided below in outline form. The key areas of inquiry are incorporated into the work plan. Following the initial document review and interviews, the work plan may be modified.

Task 1: Initial Document Review

Task 2: Initial Interviews

Task 3: Review of the RSC Rider and Cost Projections

Task 4: Review of the RSC Tariff

Task 5: Follow-Up Interviews (if needed)

Task 6: Preparation of Reports or Testimony

6.1 Draft Report or Testimony

- Scope and Objectives of the Review
- Standards Used in Conducting the Review
- Findings
- Specific Recommendations

6.2 Final Report

Task 7: Review of Responses to Recommendations

As needed: Testimony, Hearings, and Post Hearing Assistance (as Required).

The next section reflects these tasks over the anticipated 12-month project schedule.



VII. PROPOSED SCHEDULE – BY TASK

Larkin intends to “start running” upon contract award. To that end, Larkin will prepare an initial data request immediately upon contract award, will accept information as it is available, and will start assembling information from data that is in the public domain.

The tasks will be scheduled per the timeline provided in the Request for Proposal. The actual schedule will be developed based on Larkin’s experience with similar projects and after consultation with the LPSC Staff. The schedule will take into consideration data availability, scheduling issues, and the determination of audit priorities once the audit has started.

VIII. CONFLICTS OF INTEREST

Statement Concerning No Conflicts for Work on This Project

Neither Larkin, nor its employees, has a financial interest in, litigation or any other relationship with Atmos Energy, its affiliates, or with any other Louisiana utilities. Larkin does not have any present or ongoing contracts or agreements with Atmos Energy or any other Louisiana utilities or their affiliates.

Other Larkin Louisiana Contracts

Over thirteen years ago, Mr. Smith testified in a Louisiana court proceeding involving the City of Lafayette, Louisiana involving a condemnation by Lafayette of a portion of the Entergy Louisiana distribution system within the Lafayette municipal boundaries. Larkin was also briefly engaged by AARP for a preliminary evaluation of rate filings by Entergy including an increase involving the Algiers district in a rate proceeding before the City of New Orleans; however, after the preliminary evaluation, that engagement was not pursued. Larkin does not have any current contracts with any Louisiana utilities and is not currently involved in any cases before the LPSC.

Proceedings Involving Atmos Affiliates

A Larkin team including Mr. Smith, Mr. Dady, Mr. Kuprewicz, Ms. Cranston and Ms. Bisdorf has been performing reviews on behalf of the Mississippi Public Utilities Staff in a series of cases before the Mississippi Public Service Commission involving a comprehensive review of Atmos Energy Corporation's proposed capital budgets, focusing on the capital expenditures budgets for the Atmos System Integrity Plan for the years 2015 through 2022. The Larkin team including Richard Kuprewicz has been reviewing Atmos Mississippi SIR filings for the Mississippi Public Utilities Staff for several years, including 2015 through 2022.

IX. LARKIN QUALIFICATIONS

Information about the corporate and personnel capabilities of Larkin is provided in this section.

Background on Larkin

Larkin & Associates, PLLC is a firm of certified public accounts and regulatory consultants, with offices at 15728 Farmington Road, Livonia, Michigan 48154. The firm is organized as a professional limited liability company (PLLC). Larkin & Associates has no branch or affiliate offices.

In April 1970, the certified public accounting firm of Larkin, Chapski & Co., was formed by former employees of Peat, Marwick, Mitchell & Co., a “big eight” accounting and auditing concern. In addition to the auditing, accounting and tax work typical of CPA firms, Larkin, Chapski & Co, specialized in the area of utility regulation. In September 1982, the firm was reorganized into Larkin & Associates, a certified public accounting and consulting firm with Hugh Larkin, Jr., as senior partner. As such, Mr. Larkin has ultimate responsibility for all regulatory consulting work performed by the firm. Larkin performs a variety of auditing and accounting services, but concentrates in the area of utility regulation and ratemaking. The firm has performed regulatory consulting services for numerous clients. Section V of this proposal provides summaries of some of Larkin's past work completed on various electric utility regulatory consulting engagements.

Larkin performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin has had extensive experience in the utility regulatory field as expert witnesses in over 800 regulatory proceedings, including numerous electric, gas, telephone and water and sewer utilities.

Larkin & Associates professional staff assigned to this project would bring to this engagement over 120 years cumulative business, public accounting and utility related experience. Our personnel are familiar with issues affecting electric utility regulation, including regulatory accounting, ratemaking, transmission, distribution and generation issues, auditing techniques and cost verification, and design and review of cost recovery mechanisms. In performing our work for the Commission and Staff on this project, we will draw on knowledge gained through comparable studies performed in other utility regulatory projects.

Larkin Professional Personnel Qualifications

Larkin currently employs eight professional staff members with over 100 years cumulative business public accounting and regulatory experience. Of these, five are CPAs (Larkin, Smith, Schultz, Dady, and Defever). The firm employs three senior consultants (Larkin, Smith, and Schultz), all of whom are CPAs with extensive experience in testifying before utility regulatory commission and reviewing utility costs and cost recovery mechanisms. The Larkin professional staff also includes four regulatory analysts (Dady, Defever, Miller, and Megan Cranston), and a research associate (Dawn Bisdorf), as well as two office administrators (Brooke Cranston and Sophia Spiegel). When not performing on-site documentation reviews and interviews, Larkin professionals will be stationed at our office in Livonia, Michigan and can be reached at (734) 522-3420, or via fax or email.

Hugh Larkin Jr. is a certified public accountant, founder, and senior partner of Larkin & Associates. He is thoroughly versed in independent auditing, as well as the design and review of accounting systems and the presentation of data for management and financial reporting. Mr. Larkin is licensed in the states of Michigan and Florida. For over 47 years, Mr. Larkin has concentrated in the field of public utility regulation. He has served as project leader for numerous financial and compliance audits and regulatory consulting engagements, and has testified as an expert witness on issues dealing with public utility management and regulation in over 300 proceedings. His testimony has been sponsored by public utility/service commission staffs, state attorneys general, groups of municipalities, a district attorney, people's counsel, public counsel, and other such entities. Jurisdictions in which Mr. Larkin has presented expert testimony include: Alabama, Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota,

Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, Utah, Washington, Wisconsin, West Virginia, FERC and Canada. Mr. Larkin is not expected to work on this project but may provide advice to the project team, on an as-needed basis.

Ralph C. Smith's professional credentials include being a Certified Financial Planner™, a certified rate of return analyst, a licensed certified public accountant, and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving electric, gas, telephone, and water and sewer utilities. Mr. Smith has performed work in the field of utility regulation on behalf of public service commission staffs, state attorneys general, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, Barbados, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington D.C., West Virginia, Canada, Federal Energy Regulatory Commission, and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on numerous occasions. Mr. Smith has extensive experience with regulatory projects and would be the Project Manager for this engagement.

Helmuth W. Schultz, CPA, is a senior regulatory analyst. Mr. Schultz has supervised many projects and presented testimony on numerous occasions. Mr. Schultz has been responsible for much of the auditing work done by the firm as well as being an expert witness in numerous utility rate cases and regulatory proceedings. Mr. Schultz has evaluated numerous issues affecting regulated public utilities including fuel and purchased power expenses, rate base, sales, O&M expenses, taxes of all types, and management controls over operations and expenses, and compliance with Commission orders and policies and procedures. Mr. Schultz has performed work in the field of utility regulation on behalf of public service commission staffs, state attorneys general, municipalities, and

consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Kentucky, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Utah, and Vermont. Mr. Schultz is not expected to work on this project, but he may provide assistance to the project team on an as-needed, as-available basis.

Richard Kuprewicz is the President of Accufacts, Inc. As president of Accufacts Inc., Mr. Kuprewicz specializes in gas and liquid pipeline investigation, auditing, risk management, siting, construction, design, operation, maintenance, training, SCADA, leak detection, management review, emergency response, and regulatory development and compliance. He has consulted as an expert in these areas for various local, state and federal agencies, NGOs, the public, and pipeline industry members on pipeline regulation, operation and design, with particular emphasis on operation in unusually sensitive areas of high population density or environmental sensitivity. Mr. Kuprewicz has expertise as a pipeline regulatory advisor, incident investigator, and expert witness on all matters related to gas and liquid pipeline siting, design, operation, maintenance, risk analysis, and management. Mr. Kuprewicz has worked with Larkin on several utility regulatory projects involving gas transmission and distribution utilities. On the Atmos RSC Rider review, Mr. Kuprewicz will review Atmos' actual and proposed pipe replacement projects, hazardous leak information, and prioritization. He will work closely with the other members of the Larkin team to evaluate Atmos' capital spending and pipe replacement.

Mark Dady, CPA, is a regulatory analyst. As a certified public accountant with Larkin & Associates, duties include the analysis of utility regulatory issues, researching accounting and regulatory developments, preparing computer models and spreadsheets, assisting on financial audits, preparation of bids and proposals, and writing testimony. Mr. Dady co-sponsored expert testimony presented by Larkin in California and co-sponsored with Mr. Smith the Larkin financial portions of several fuel audits of Ohio utilities, which Larkin performed as a subcontractor to Energy Ventures Analysis. Jurisdictions in which Mr. Dady has participated in the analysis of regulatory filings include Alaska, Arizona, California, Connecticut, Illinois, Indiana, Ohio, Pennsylvania, Vermont, Virginia, and West Virginia. Mr. Dady has extensive experience analyzing regulatory issues and accounting for Ohio utilities (in several fuel cases where Larkin has functioned as a subcontractor to

EVA and has been responsible for the financial and accounting review). He would participate in this engagement by reviewing accounting information, conducting on-site interviews (with Mr. Smith), and writing the report.

John Defever, CPA, is a regulatory analyst with Larkin. Mr. Defever participates in regulatory engagements by reviewing and organizing information, and assisting with the preparation of testimony, briefs, schedules, exhibits, reports. Mr. Defever also performs research relating to regulatory, accounting, and financial issues. Mr. Defever is not expected to work on this project.

Tina Miller is a regulatory analyst with over 21 years of regulatory experience. Ms. Miller participates in regulatory engagements by reviewing and organizing information, and assisting with the preparation of testimony, briefs, schedules, exhibits, reports. Ms. Miller also performs research relating to regulatory, accounting, and financial issues. Ms. Miller is not expected to work on this project.

Megan Cranston is a regulatory analyst with Larkin. Ms. Cranston has a masters degree from the University of Michigan, Dearborn. As a regulatory analyst, she prepares discovery requests, produces spreadsheets and models, assists with the review and analysis of regulatory filings, performs regulatory and accounting research, and helps prepare testimony and exhibits. Ms. Cranston will perform similar duties on this case.

Dawn Bisdorf is a research associate. She will assist on the project by preparing analyses under the direction of the senior professionals, locating testimony and orders online, performing research, preparing and editing schedules and testimony, and keeping files and workpapers organized.

The Project Manager and Senior Consultants assigned to this project are senior professionals who all have substantial experience with rate setting and testifying before utility regulatory agencies. All of the Larkin senior professionals and two of the regulatory analysts assigned to this project are CPAs. The work of the regulatory analysts will be adequately supervised by the Senior Consultants.

Resumes containing additional details of the experience, work history, and education of each of the Larkin professionals who will be performing work on this case, along with references, were recently provided to the LPSC as part of the process of getting Larkin on the LPSC's qualified bidders list.

Larkin Financial Responsibility

Larkin does not have any outstanding liens or claims against its business. Larkin is financially capable of performing all work required. The firm is financially solvent and foresees no financial problems whatsoever affecting the ability to perform the work required. Banking references will be provided if necessary.

Larkin Computer Capability

Larkin can receive and transfer data/reports electronically and can participate in video conferencing meetings (via Zoom, TEAMS, etc.).

Contact Within Firm

In the event additional information is desired, please contact Mr. Ralph Smith at the following address and telephone number:

Ralph Smith, CPA
Larkin & Associates, PLLC
15728 Farmington Road
Livonia, MI 48154
(734) 522-3420 – Office Phone
(313) 590-7023 - Mobile
(734) 522-1410 – Fax
RSmithLA@aol.com

Representative Assignments for Larkin

References for Larkin & Associates for specific projects that demonstrate our capabilities to perform the work described herein are:

Project Title: In The Matter of a Comprehensive Review of Atmos Energy Corporation's Proposed Capital Budget

Completion Date: 2015 – Ongoing Review of Atmos Mississippi Annual SIR Filings

Project Manager: Ralph C. Smith

Key Participants: Ralph C. Smith, Mark S. Dady, Megan Cranston, Dawn Bisdorf,
Richard Kuprewicz
Contact Names: Chad Reynolds
Organization: Mississippi Public Service Commission Staff
Address: Woolfolk Building
501 North West Street
Jackson, MS 39201
Telephone No: (601) 961-5419

Project Title: Plant in Service and Capital Spending Prudence Audit of Duke Energy Ohio, Inc. (Natural Gas)

Completion Date: 2020
Project Manager: Ralph C. Smith
Key Participants: Ralph C. Smith, Mark S. Dady, Megan Cranston, Dawn Bisdorf,
Richard Kuprewicz
Contact Names: Nicci Crocker
Organization: Public Utilities Commission of Ohio
Address: 180 East Broad Street
Columbus, OH 43215-3793
Telephone No.: (614) 466-7757

Project Title: Fitchburg Gas and Electric Light Company d/b/a Unitil Gas System Enhancement Program – Actual Costs for 2019

Completion Date: 2021
Project Manager: Ralph C. Smith
Key Participants: Ralph C. Smith, Mark Dady, Richard Kuprewicz, Megan Cranston,
Dawn Bisdorf,
Contact Names: Ashley Gagnon
Organization: Office of Attorney General
Address: One Ashburton Place
Boston, MA 02108
Telephone No.: (617) 963-2235

**Project Title: Boston Gas Company and the former Colonial Gas Company
d/b/a National Grid**

Completion Date: 2020
Project Manager: Ralph C. Smith
Key Participants: Ralph C. Smith, Mark Dady, Richard Kuprewicz, Megan Cranston,
Dawn Bisdorf,
Contact Names: Ashley Gagnon
Organization: Office of Attorney General
Address: One Ashburton Place
Boston, MA 02108
Telephone No.: (617) 963-2235

**Project Title: Liberty Utilities (New England Natural Gas Company) Corp.
d/b/a Liberty Utilities, 2019 Gas System Enhancement Program
Reconciliation Filing**

Completion Date: 2020
Project Manager: Ralph C. Smith
Key Participants: Ralph C. Smith, Mark Dady, Richard Kuprewicz, Megan Cranston,
Dawn Bisdorf,
Contact Names: Ashley Gagnon
Organization: Office of Attorney General
Address: One Ashburton Place
Boston, MA 02108
Telephone No.: (617) 963-2235

**Project Title: Southwest Gas Corporation's Application for a Rate Increase,
Docket No. G-01551A-19-0055**

Larkin & Associates was retained by the Arizona Corporation Commission to perform a review of Southwest Gas Corporations request for an increase in rates. Issues addressed by Larkin in testimony include: COYL Replacement Program, VSP Replacement Program, Surcharge for 7000/8000 Driscopipe, and Proposal to Consolidate Pipe Replacement Surcharges. Contact information for this project is as follows:

Completion Date: 2020

Project Manager: Ralph C. Smith
Key Participants: Ralph C. Smith, Mark S. Dady, Megan Cranston, Dawn Bisdorf,
Richard Kuprewicz
Contact Names: Ranelle Paladino – (602) 364-0347
Candrea Allen (602) 364-0235
Organization: Arizona Corporation Commission
Address: 1200 W. Washington
Phoenix, AZ 85007

Project Title: Vectren Energy Delivery of Ohio Rate Case

Completion Date: 2019
Project Manager: Ralph C. Smith
Key Participants: Ralph C. Smith, Mark S. Dady, Megan Cranston, Dawn Bisdorf
Contact Names: Ross Willis
Organization: The Office of the Ohio Consumers' Counsel
Address: 65 East State Street, 7th Floor
Columbus, OH 43215-4213
Telephone No: (614) 728-5171

Larkin Offices

The office of Larkin & Associates and all of its operating equipment and facilities is located in Livonia, Michigan. Larkin & Associates has no offices, facilities or equipment in Louisiana.

X. ESTIMATE OF COSTS

Quotation of Charges

The hourly rates for each person and personnel class are listed in the table below:

| Professional | Title | Rate |
|---|----------------------------------|--------|
| Hugh Larkin, Jr., CPA | Senior Partner | \$ 265 |
| Ralph Smith, CPA* | Project Manager/Sr. Reg Analyst | \$ 265 |
| Helmuth Schultz, III, CPA | Senior Regulatory Analyst | \$ 265 |
| Richard Kuprewicz, P.E.* | Engineer, Pipeline Safety Expert | \$ 200 |
| Mark Dady, CPA* | Regulatory Analyst II | \$ 195 |
| John Defever, CPA | Regulatory Analyst II | \$ 195 |
| Christina Miller | Regulatory Analyst | \$ 105 |
| Megan Cranston* | Regulatory Analyst | \$ 105 |
| Dawn Bisdorf* | Research Associate | \$ 75 |
| Brooke Cranston / Sophie Spiegel | Administration | \$ 25 |
| *Anticipated to work on project. Others may work on project on an as-needed, as-available basis | | |

The labor costs are based upon the above rates and hours assumed to be performed by each team member. The cost proposed is \$80,200 for labor costs, \$150 for overnight mailing, and \$4,500 for travel and out-of-pocket expenses, for a total not-to-exceed price of \$84,850, as shown in detail on the following page.

| Cost Proposal Detail | | | | | |
|---|--|----------------------------------|-----------------|-------------|-----------|
| Review and Analysis of Atmos' Request to Renew its Rate Stabilization Clause Rider | | | | | |
| Line No. | Professional | Title | Hours | Hourly Rate | Total |
| I. LABOR COSTS | | | | | |
| Larkin & Associates | | | | | |
| 1 | Hugh Larkin Jr. | Project Director | | \$ 265 | \$ - |
| 2 | Ralph Smith | Project Manager | 120 | \$ 265 | \$ 31,800 |
| 3 | Schultz | Sr. Reg. Consultants | | \$ 265 | \$ - |
| 4 | Richard Kuprewicz, P.E.* | Engineer, Pipeline Safety Expert | 80 | \$ 200 | \$ 16,000 |
| 4 | Dady | Regulatory Consultant | 80 | \$ 195 | \$ 15,600 |
| 5 | Defever | Regulatory Consultant | | \$ 195 | \$ - |
| 5 | Miller, M. Cranston | Regulatory Analysts | 80 | \$ 105 | \$ 8,400 |
| 6 | Bisdorf | Research Associate | 80 | \$ 105 | \$ 8,400 |
| 7 | Summer Intern | | | \$ 75 | \$ - |
| 8 | B. Cranston / S. Spiegel | Administration | | \$ 25 | \$ - |
| 9 | Total | | 440 | | \$ 80,200 |
| 10 | TOTAL LABOR COST | | 440 | | \$ 80,200 |
| II. COST OF SUPPLIES | | | | | |
| 11 | Cost of Supplies Itemized | | | | |
| 12 | NONE | | | | \$ - |
| III. OTHER DIRECT COSTS | | | | | |
| 13 | Overnight Mailing | | | | \$ 150 |
| 14 | Copying | | | | |
| 15 | Communications expense & telephone | | | | |
| 16 | TOTAL OTHER DIRECT COSTS | | | | \$ 150 |
| IV. TRANSPORTATION AND SUBSISTENCE COSTS | | | | | |
| Travel Costs (Onsite and Hearing) | | | | | |
| | | | per trip or day | | |
| 17 | Airfare (hearing one professional, 2 days) | | 3 trips | \$ 850 | \$ 2,550 |
| 18 | Hotel | | 6 person days | \$ 107 | \$ 642 |
| 19 | Per Diem (Meals/Tips) | | 6 person days | \$ 50 | \$ 300 |
| 20 | Site Transportation/Mileage | | 3 trips | \$ 50 | \$ 150 |
| 21 | Other incidentals | | | | \$ 858 |
| 22 | TOTAL TRAVEL COSTS | | | | \$ 4,500 |
| TOTAL PRICE BID PROJECT | | | | | |
| 23 | I. LABOR COSTS | | | | \$ 80,200 |
| 24 | II. COST OF SUPPLIES | | | | \$ - |
| 25 | III. OTHER DIRECT COSTS | | | | \$ 150 |
| 26 | IV. TRANSPORTATION AND SUBSISTENCE COSTS | | | | \$ 4,500 |
| 27 | V. TOTAL COST | | | | \$ 84,850 |