

# TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

VIA FAX AND US MAIL

September 18, 2012

A. Scott Ross, Esq.  
Neal & Harwell, PLC  
2000 One Nashville Place  
150 Fourth Ave., North  
Nashville, TN 37219-2498

RE: Docket No. 12-00064 – PETITION OF ATMOS ENERGY CORPORATION  
FOR A GENERAL RATE INCREASE

Dear Mr. Ross:

To further the Staff's investigation of the petition filed with this Authority on June 22, 2012, it is requested that you furnish additional information in response to the attached Staff Data Request No. 1. Please pay particular attention to the directions provided in the first section labeled "Administrative." If you have questions regarding any item number in the attached request, please contact Paul Greene (extension 156) for clarification before responding.

Please provide all responses no later than 2:00 p.m. on September 26, 2012, and reference Docket No. 12-00064 on the response. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "David Foster".

David Foster, Chief  
Utilities Division

Enclosure

C: Docket file

## **TRA DATA REQUEST NO. 1**

### **ADMINISTRATIVE**

⇒The Tennessee Regulatory Authority (“TRA”) requires an original and thirteen (13) copies of the filing (an original and four (4) copies of electronic filings).

⇒A CD labeled for Staff use should provide all responses in electronic files in Microsoft Excel (with working formulas) or Microsoft Word readable format.

⇒Please respond fully to each question, even if the data has been partially supplied in prior filings or dockets. Do not simply reference data provided in response to other data requests.

⇒Each copy of the responses should be placed in loose-leaf binders with each item tabbed. Each response should begin by restating the item request. If several sheets are required to answer an item, each sheet should be appropriately labeled and indexed, for example, Item 1(a), Sheet 1 of 4.

⇒For each item responded to, indicate the witness whose testimony would encompass the information requested, where applicable.

⇒For data requested that is also supplied in summary form on the PSC 3.06 reports for the test period only, please reconcile your response to these reports if a variance exists.

⇒Unless otherwise specifically requested, information shall be required for the Tennessee operations only.

### **GENERAL**

1. Complete the Excel worksheet on the accompanying CD showing your Revenue Deficiency. You will need to add and delete lines and include working formulas. The source of each number should be footnoted and referenced to testimony, exhibits, schedules and work papers.
2. Describe how the DIMP Plans were developed including but not limited to:
  - a. Did an Atmos employee or an outside consultant prepare the Company’s DIMP Plans?
  - b. Were all Atmos DIMP Plans created at the same time by the same people?
  - c. How much did Atmos spend to develop the DIMP Plans and how were costs determined for Tennessee?
  - d. How many systems does Atmos have in Tennessee that required DIMP Plans?

- e. Did the Company choose to expense or capitalize the cost of the DIMP Plans?
- f. List specifically the amounts per month (expenses and/or regulatory asset) that the Company has booked for DIMP Plans and what account numbers DIMP Plan charges are included in.

## REVENUES

- 3. Provide a detailed written narrative explaining how all revenues for the Attrition Period were calculated referencing all supporting work papers and schedules.
- 4. Provide Attachment 1 to Staff MFR Set No. 1 Question 1-12 WP 1-3 (as provided in the confidential paper copy responses) showing the total bills for the twelve months ending March 31, 2009, 2010 and 2011 vs. the customer counts at the end of March provided in response to this item.
- 5. Provide Attachment 1 to Staff MFR Set No. 1 Question 1-12 WP 1-3 (as provided in the confidential paper copy responses) showing the total volumes for the twelve months ending March 31, 2009, 2010 and 2011.
- 6. Provide detailed calculations of all growth factors applied to the test period volumetric usage by the Company.
- 7. Provide all work papers used to calculate each weather normalizing adjustment shown on JCD-1.
- 8. Provide JCD-1 with and without WNA adjustments. Also, provide the total WNA adjustment.
- 9. Provide JCD-1 with the affect of adding the shoulder month of October. Also, provide the total WNA included as a result of adding October.
- 10. Provide a breakdown of the WNA both including October and excluding October showing the dollar amount due to changes in the base load factor, changes in the heat load factor, changes due to updating the 30 year weather data and all other individual changes.
- 11. Explain the rationale for not projecting any increases for Forfeited Discounts, Miscellaneous Service Charges and all other miscellaneous accounts by general ledger account? Would these revenues not increase in proportion to the overall revenue increase?
- 12. Provide all special contracts or cite where they have been provided in this docket.

13. Does Atmos, any affiliate or any other company offer a insurance/protection plan to cover problems with customers' gas lines? If so, please explain in detail the companies involved in offering this plan and whether any expenses or revenues are allocated between Atmos Energy Corporation and the affiliates. Also, provide copies of bill inserts or other advertisements provided to Atmos' customer regarding such plans over the past twelve months.

#### **SALE OF DISTRIBUTION ASSETS**

14. Provide a detailed analysis identifying the effect that the sale of the Company's Missouri, Illinois and Iowa distribution assets will have on both direct and allocated Tennessee Revenues, Expenses and Rate Base.
15. Provide a detailed analysis identifying the effect that the sale of the Company's Georgia distribution assets will have on both direct and allocated Tennessee Revenues, Expenses and Rate Base.
16. Provide all known and anticipated corporate cost savings associated with the disposition of the Company's Missouri, Illinois and Iowa, and Georgia distribution assets, and how much savings will flow to Tennessee operations. Identify the savings by corporate expense category, e.g. customer service, corporate accounting, legal services, etc.
17. Will Tennessee operations share in the gains generated by the sale of the Missouri, Illinois and Iowa operations, or the Georgia operations? If not, please explain.
18. Provide all studies (cost, economic, due diligence...) performed prior to the sale of the aforementioned distribution assets.

#### **EXPENSES**

19. The Company states in Pre-filed Direct Testimony of Jason L. Schneider on page 11 that the Company is required to update the cost allocation manual each year and that the cost allocation manual is uniformly applied in all twelve states. Has there been an independent evaluation of the cost allocation manual in Tennessee or any other state? If yes, please provide a copy of the result of the independent study or studies performed. Has Atmos developed a new cost allocation manual as a result of the aforementioned sale of assets? If so, please provide a copy.
20. Identify all legal costs for the test period associated with TRA dockets. Include amounts by docket number and map the amounts to O&M by FERC Acct.xlsx. Provide invoices for all legal costs.

21. Detail how the following factors were developed that are used in MFR 35-Benefits to calculate attrition period expense:

- a. Life Insurance per Labor dollar (monthly);
- b. LTD per Labor dollar (annual);
- c. Hospitalization per employee;
- d. FAS 106 actuary estimates;
- e. Worker's comp Labor dollar (annual); and
- f. Worker's comp SSU Labor dollar (annual).

22. Reconcile the difference in LTIP and VPP amounts that were provided as part of MFG 12 and MFG 38 for Division 93 (both shown in the table below).

093 DIV			
	MFG 12	MFG 38	Difference
Capitalized Restricted Stock - 07450	(1,006)	-	(1,006)
Restricted Stock -Long Term Incentive Plan - Time Lapse - 07456	-	-	-
Restricted Stock - Management Incentive Plan - 07457	-	-	-
Restricted Stock - Long Term Incentive Plan - Performance Based - 07458	8,380	-	8,380
RSU-Long Term Incentive Plan - Time Lapse - 07460	-	-	-
RSU-Management Incentive Plan - 07463	-	-	-
	<u>7,374</u>	<u>-</u>	<u>7,374</u>
Variable Pay & Mgmt Incentive Plans - 07452	-	-	-
VPP & MIP - Capital Credit - 07454	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total LTIP and VPP</b>	<u>7,374</u>	<u>-</u>	<u>7,374</u>

23. The information below is taken from the response to CAD17-LTIP and VPP. Map the capitalized amounts shown below to the response to Staff Data Request on August 27, 2012 labeled O&M by FERC Acct.xlsx.

Allocation to  
Tennessee  
(Division 093)

Division	Division Description	Account	Account Description	Type of Plan	Total
'002	Dallas Atmos Rate Division - 002DIV	'9260	A&G - Employee Pensions and Benefits	Variable Pay & Mgmt Incentive Plans	99,806.86
'002	Dallas Atmos Rate Division - 002DIV	'9260	A&G - Employee Pensions and Benefits	Restricted Stock	140,354.44
'012	Dallas Atmos Rate Division - 002DIV	'9260	A&G - Employee Pensions and Benefits	Variable Pay & Mgmt Incentive Plans	187.25
'012	Dallas Atmos Rate Division - 002DIV	'9260	A&G - Employee Pensions and Benefits	Restricted Stock	3,710.69
Total Capitalized Amounts to Tennessee (Division 093)					253,059.24

24. Provide a detailed analysis of Insurance Expense for the attrition period in the format of MFG #1-36.
25. Provide supporting evidence and all rationale used for the anticipated 4% increase to insurance premiums mentioned on page 6 of Greg Waller's Direct Testimony.
26. Provide a detailed Rent Schedule by division (002, 012, 091 and 093) for the test period and attrition period identifying the amount including in the Net O&M Expense, the capitalization percentage used, and the allocation percentage used.
27. Identify each individual sub-account and amounts that comprise the Public Relations account number 04146 for the test period, and provide invoices for said amounts.
28. Provide a list of all organizations and amounts paid to each for the following Dues & Donations Accounts:
  - a. Membership Fees in Account No. 05415;
  - b. Club Dues-nondeductible in Account No. 05416;
  - c. Club Dues-Deductible in Account No. 05417; and
  - d. Association Dues in Account No. 07510.
29. The table below is the Company's response to MFG No. 39 Advertising Expense and the response submitted to Staff's August 27, 2012 data request sent via email (OM by FERC Acct.xlsx). Reconcile the differences and provide appropriate explanations.

Atmos Energy Corporation

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Div	Div name	Sub	Sub Desc	Category	Data Resp. 8/27/2012		Data Resp. 8/27/2012		MFG No. 39
					Attrition	Alloc. to 93	Attrition (1)	Difference	
002DIV	Dallas Atmos Rate Division - 002DIV	04018	Safety	Information	\$ 36	2	\$ 2	\$ 0	
002DIV	Dallas Atmos Rate Division - 002DIV	04021	Promo Other,Misc	Promotion	33,142	1473	475	998	
002DIV	Dallas Atmos Rate Division - 002DIV	04040	Community Rel&Trade Shows	Promotion	13,963	620	901	(281)	
002DIV	Dallas Atmos Rate Division - 002DIV	04044	Advertising	Institutional	51,328	2281	2,681	(400)	
002DIV	Dallas Atmos Rate Division - 002DIV	04046	Cust Relations & Assist	Institutional	326,210	14498	14,618	(120)	
					\$ 424,679	\$ 18,874	\$ 18,676	\$ 198	
012DIV	Call Center Division - 012DIV	04040	Community Rel&Trade Shows	Promotion	\$ 3,075	131	\$ 144	(13)	
012DIV	Call Center Division - 012DIV	04044	Advertising	Institutional	310	13	-	13	
					\$ 3,385	\$ 144	\$ 144	\$ 0	
091DIV	Brentwood Division - 091DIV	04002	Required By Law, Safety	Information	\$ 364,270	125600	\$ 104,149	21,451	
091DIV	Brentwood Division - 091DIV	04018	Safety	Information	319	110	84	26	
091DIV	Brentwood Division - 091DIV	04021	Promo Other,Misc	Promotion	7,894	2722	2,921	(199)	
091DIV	Brentwood Division - 091DIV	04040	Community Rel&Trade Shows	Promotion	37,501	12930	16,978	(4,048)	
091DIV	Brentwood Division - 091DIV	04044	Advertising	Institutional	14,248	4913	6,664	(1,751)	
091DIV	Brentwood Division - 091DIV	04046	Cust Relations & Assist	Institutional	53,572	18472	7,427	11,045	
					\$ 477,804	\$ 164,747	\$ 138,223	\$ 26,524	
093DIV	Tennessee Division - 093DIV	04001	Safety,Newspaper	Information	\$ 1,346	\$ 1,346	\$ 566	780	
093DIV	Tennessee Division - 093DIV	04002	Required By Law, Safety	Information	7279	7279	7,264	15	
093DIV	Tennessee Division - 093DIV	04017	Promo Sales,Consumer Rel	Promotion	287	287	429	(142)	
093DIV	Tennessee Division - 093DIV	04018	Safety	Information	385	385	3,565	(3,180)	
093DIV	Tennessee Division - 093DIV	04021	Promo Other,Misc	Promotion	325	325	6,975	(6,650)	
093DIV	Tennessee Division - 093DIV	04040	Community Rel&Trade Shows	Promotion	26941	26941	9,844	17,097	
093DIV	Tennessee Division - 093DIV	04044	Advertising	Institutional	3188	3188	4,800	(1,612)	
093DIV	Tennessee Division - 093DIV	04046	Cust Relations & Assist	Institutional	20877	20877	26,602	(5,725)	
					\$ 60,628	\$ 60,628	\$ 60,044	\$ 584	
Total					\$ 966,496	\$ 244,393	\$ 217,087	\$ 27,306	

Alloc. Rates for 93	Attrition
Division 002	4.44%
Division 012	4.25%
Division 091	34.48%
Division 093	100.00%

30. Identify amounts in sub account 05412, Spousal and Dependent Travel, and provide invoices associated with sub account 05412. Also, provide the rationale for including these expenses for rate making purposes.
31. Identify all amounts included for travel and entertainment expense associated with lobbying.
32. Identify and discuss all efforts made to reduce travel expense by using teleconferences, virtual meetings, etc.
33. Reconcile the differences between the Uncollectible Write-offs and Recoveries filed in CAD Data Request No. 1, Question 20 with the Monthly Uncollectible Reports filed with the TRA, as a result of Docket No. 03-00209 (both shown on the table below).

	Gas Cost Written-off Monthly Report	Gas Cost Written-off CAD DR1 #20	Margin Written off Monthly Report	Margin Written off CAD DR 1 #20	Gas Cost Payment Amount Monthly Report	Gas Cost Payment Amount CAD DR1 #20	Margin Payment Amount Monthly Report	Margin Payment Amount CAD DR1 #20
Apr 2011	16,028.26	16,028.26	10,967.67	15,904.55	3,044.23	2,955.27	1,740.84	2,485.99
May 2011	24,039.23	24,039.23	15,534.51	38,117.60	1,062.98	1,100.08	717.64	1,711.52
Jun 2011	86,025.46	58,235.63	48,327.11	45,326.20	5,544.75	5,145.65	2,045.21	4,004.33
Jul 2011	70,017.73	70,017.73	45,989.11	66,492.23	5,114.77	4,948.82	2,518.49	4,446.13
Aug 2011	28,500.26	27,417.06	23,198.40	34,151.73	6,857.65	6,629.60	3,947.38	6,594.22
Sep 2011	19,374.02	19,374.02	18,639.49	29,768.85	6,393.92	6,335.49	4,337.36	7,278.37
Oct 2011	8,531.10	8,531.10	9,770.27	16,110.88	14,716.64	14,561.91	9,972.73	17,892.31
Nov 2011	6,275.59	6,275.59	8,613.93	15,920.94	27,320.51	27,379.41	15,207.68	25,588.12
Dec 2011	4,886.69	4,886.69	6,420.75	11,542.14	9,231.74	9,226.23	6,499.95	12,554.77
Jan 2012	3,290.68	3,290.68	4,929.19	8,827.32	4,955.44	4,974.00	3,349.42	7,207.76
Feb 2012	10,375.89	10,375.89	7,457.17	11,580.31	12,050.93	11,630.89	5,716.90	9,382.38
Mar 2012	7,103.88	7,103.88	7,430.88	12,167.85	3,210.34	3,176.96	2,362.25	3,600.01

34. Provide a detailed Telecom Expense Schedule by division (002, 012, 091 and 093) for the test period and attrition period identifying the amount in the Net O&M Expense, the capitalization percentage used, and the allocation percentage used.
35. Provide a detailed Vehicles & Equipment Schedule by division (002, 012, 091 and 093) for the test period and attrition period identifying the amount including in the Net O&M Expense, the capitalization percentage used, and the allocation percentage used.
36. Explain in detail the Company's business reasons and rationale for the increase of Outside Services Expense for division 002 from the test period amount of \$6,895,921.97 to \$8,338,302.82, when divisions 012, 091 and 093 are forecasted to decrease for the same period (see the table below). Also, explain in detail the business reasons and rationale for the decreases in divisions 012, 091 and 093.

		Test Period March 31, 2012	Attrition Period Nov. 31, 2013	Difference
002 Division	Outside Services	6,856,921.97	8,338,302.82	1,481,380.85
012 Division	Outside Services	4,146,957.58	4,101,617.82	(45,339.76)
091 Division	Outside Services	4,194,030.21	3,618,698.62	(575,331.59)
093 Division	Outside Services	1,352,215.73	1,301,959.45	(50,256.28)

## TAXES

37. Provide the ITC amortization adjustment for 2011, including the page of the FIT return documenting this amount. If applicable, explain how this amount is allocated.
38. Provide the Schedule M adjustment for 2011, including the page of the FIT return documenting this amount. If applicable, explain how this amount is allocated.

## RATE BASE

39. Explain the differences between each of the ratebase amounts on the March, 2012, 3.03 report filed June 19, 2012 and the ratebase amounts shown on Schedule THP-7. Provide a reconciliation Excel worksheet with working formulas.

	Test Yr.	3.03	Difference
Working Capital	607,429	0	607,429
Acc. Depreciation	(171,525,585)	(171,998,193)	472,608
Materials	7,861		7,861
Stored Gas	6,709,810		6,709,810
Materials & Stored Gas		6,169,131	(6,169,131)
Acc. Int. on Deposits	(81,314)	(124,554)	43,240
ADIT	(41,869,830)	(49,362,466)	7,492,636

40. Provide the following additional detail to Plant Additions, MFR #52.
  - a. Additional detail to each Project name labeled "Various" in the response to MFR #52 that is in excess of \$1,000,000 with a breakdown identifying the various projects and their related costs;
  - b. The location(s) of the bare steel projected to be replaced in 2012 and 2013; and
  - c. The location of the 6 miles of transmission main to be replaced in 2013.
41. Provide all calculations in Excel format with documentation, detailing the \$32,418,480 amount in column c On Schedule THP-7.