

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

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2012 OCT -5 AM 10:47

T.R.A. DOCKET ROOM

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL OF
ADJUSTMENT OF ITS RATES AND
REVISED TARIFF**

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Docket No. 12-00064

**RESPONSES OF ATMOS ENERGY CORPORATION TO
TRA DATA REQUEST SET NO. 2**

NON-CONFIDENTIAL PORTION

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #18634
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 5th day of October, 2012.

<input type="checkbox"/> Hand	Ryan McGehee, Esq.
<input type="checkbox"/> Mail	Office of the Attorney General
<input type="checkbox"/> Fax	Consumer Advocate and Protection Division
<input type="checkbox"/> Fed. Ex.	425 Fifth Avenue, North, 3 rd Floor
<input checked="" type="checkbox"/> E-Mail	P. O. Box 20207
	Nashville, TN 37202



Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 2
Question No. 2-01
Page 1 of 1

REQUEST:

In Docket 11-00122, the Authority approved a Gas Transportation Agreement between Atmos and U.S. Nitrogen, LLC. The agreement stated that U.S. Nitrogen, LLC would pay Atmos \$600,000 for the construction of the necessary facilities to serve the plant. Please confirm whether U.S. Nitrogen, LLC paid this amount to Atmos and provide an update regarding the construction of facilities to serve the plant. If the money was paid to Atmos, provide the journal entries recording such transaction and discuss whether this amount is included as a contribution in aid of construction in the rate base calculations filed by Atmos. Also, identify the plant amounts specific to serving U.S. Nitrogen that are included in Atmos' calculation of rate base. Please include any journal entries supporting these transactions.

RESPONSE:

Atmos Energy received the \$600,000 in March 2012. The pipe has been ordered and is on site to be installed. U.S. Nitrogen is finalizing plans for the exact location of the meter so that construction work can begin.

The payment was recorded to Account 107 - Construction Work in Progress, Subaccount 09911 - Reimbursements and is included as a contribution in aid of construction in this case.

Respondent: Thomas Petersen

BEFORE THE TENNESSEE REGULATORY AUTHORITY
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T.R.A. DOCKET ROOM

Docket No. 12-00064

RESPONSES OF ATMOS ENERGY CORPORATION TO
TRA DATA REQUEST SET NO. 1

NON-CONFIDENTIAL PORTION

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

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150 Fourth Avenue, North
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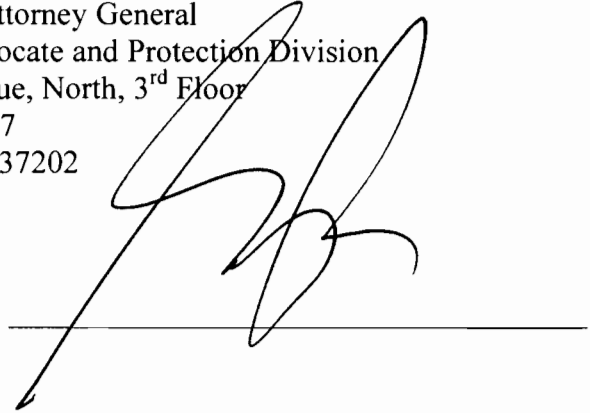
Counsel for Atmos Energy Corporation

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- ☐ Fed. Ex.
- ☒ E-Mail

Ryan McGehee, Esq.
Office of the Attorney General
Consumer Advocate and Protection Division
425 Fifth Avenue, North, 3rd Floor
P. O. Box 20207
Nashville, TN 37202

A handwritten signature in black ink, appearing to be 'RM', is written over a horizontal line.

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PETITION OF ATMOS ENERGY

CORPORATION FOR ADJUSTMENT
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DOCKET NO. 12-00064

RESPONSES OF ATMOS ENERGY CORPORATION TO
TRA DATA REQUEST SET NO. 1

Atmos Energy Corporation ("Atmos Energy" "AEC" or "Company") respectfully
submits these responses and objections to TRA Data Request No. 1.

GENERAL OBJECTIONS

A. AEC objects to the requests to the extent that they are duplicative or cumulative of information that has been produced by AEC elsewhere in this matter, in responses to discovery requests served by other parties, in responses to the Minimum Filing Requirements discovery, or in testimony or exhibits to testimony. AEC reserves the right to refer to and incorporate by reference information that has been filed elsewhere in this matter.

B. AEC objects to the requests to the extent that they seek to impose obligations with respect to number and format of copies that exceed the requirements of applicable TRA rules.

C. AEC objects to the requests to the extent they call for information or documents protected from disclosure by the attorney-client privilege, common interest privilege, work product doctrine, or any other applicable privilege or protection.

D. AEC objects to the requests to the extent they seek information relating to matters not at issue in this litigation or to the extent they are not reasonably calculated to lead to the discovery of admissible evidence. By providing information in response to these requests, AEC does not concede that such information is relevant, admissible, or discoverable, or that other information on the same or similar subjects would be discoverable. AEC expressly reserves the right to: (a) object to other discovery requests, despite their involving or relating to the subject matter of any of the requests responded to here; and (b) object to the introduction into evidence of any answer or produced document on relevancy or any other grounds.

E. AEC's objections and responses to these requests are and will be based on information then known to it. AEC reserves the right to amend, modify or supplement its objections and responses if it learns of new information.

F. AEC's objections and responses to these requests are and will be made without waiving or intending to waive the right to object to the use of any information provided in any subsequent proceeding or trial of this or any other action. AEC's responses to these requests are also not a waiver of any of the foregoing objections or any objections it has made or may make with respect to any similar, related, or future request, and AEC specifically reserves the right to interpose any objection to further requests notwithstanding any response or lack of objection made in this response.

G. For the sake of brevity, AEC expressly incorporates these general objections in response to each of the CAPD's discovery requests in this case, whether or not separately listed below.

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-01
Page 3 of 45

REQUEST:

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.

RESPONSE:

Atmos Energy respectfully objects to this discovery request as unreasonably cumulative and duplicative of information that Atmos Energy has provided as an exhibit to pre-filed testimony in this matter, and in response to the Minimum Filing Requirements. In Schedule TP-1, a copy of which was filed with the testimony of Mr. Thomas Petersen and which is attached hereto and incorporated by reference herein, the Company calculated and presented its revenue deficiency in the manner that the Company considers to be correct. To respond to this request, the Company would in substance be required to revise the blank spreadsheet enclosed with the request to substantially duplicate the spreadsheet the Company has already supplied as Schedule TP-1. The Company therefore responds to this discovery request by attaching and incorporating by reference Schedule TP-1. The sources of all of the data points and inputs utilized in calculating the Company's revenue deficiency are referenced on TP-1 and can be found in the cited Minimum Filing Requirements responses filed in this case.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-01_Att1 - Petersen Direct Testimony Schedule TP-1.xls, 29 Pages.

Respondent: Thomas Petersen

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-02
Page 4 of 45

REQUEST:

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.

RESPONSE:

- a) The Atmos Energy DIM Program was developed and written by a cross functional team of Atmos Energy employees.
- b) The program was written by the team mentioned above. The individual cost center plans were prepared by Division and local individuals with knowledge of the local distribution systems. DIM plans for Atmos Energy were developed after the final rule was issued and were all in place by August 2, 2011.
- c) The costs for the development of the Program and the individual Plans were not tracked to a particular account and are included in our normal expense run rate.
- d) Each Cost Center in Tennessee has a separate DIM Plan - a total of nine.
- e) As stated in the response to subpart (c), the costs were expensed.
- f) As stated in the response to subpart (c), the costs were not tracked to a particular account and are included in our normal expense run rate. If a particular cost center's plan indicated the need for further accelerated action (such as pipe replacement or increased frequency of leak survey for example), those costs would be appropriately accounted for as incurred. No such

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-02
Page 5 of 45

adjustments to O&M have been made to the attrition year O&M forecast in this case.

Respondents: Ernie Napier and Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-03
Page 6 of 45

REQUEST:

Provide a detailed written narrative explaining how all revenues for the Attrition Period were calculated referencing all supporting work papers and schedules.

RESPONSE:

Atmos Energy incorporates by reference the testimony of Joshua C. Densman, page 3 - 6 (ending line 21), filed in this matter. This testimony describes the historical test period (customer counts and volumes), adjustments made to normalize the test period for weather, and adjustments made to customer counts and volumes as a result of projected change (gain/(loss) in the number of customer counts and usage. Atmos Energy further incorporates by reference the following schedules to Mr. Densman's testimony:

Schedule JCD-1 sets forth the historical test year customer count and actual sales and also the weather adjustment in both Ccf and \$/margin (columns g and j).

Schedule JCD-2 sets forth the change in customer count and sales projected due to both growth and usage. Projected changes for specific customer classes are also reflected.

Schedule JCD-3 sets forth the attrition period customer count, sales volume and dollar margin.

For further answer, Atmos Energy refers to Attachment 1 hereto, which provides a calculation of declining usage factors.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-03_Att1 - Residential Small Commercial Usage Analysis.xls, 5 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-04
Page 7 of 45

REQUEST:

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.

RESPONSE:

Please see Attachment 1 for the requested information.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-04_Att1 - Customer Growth.xls, 131 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-05
Page 8 of 45

REQUEST:

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.

RESPONSE:

Please see Attachment 1 for the requested information.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-05_Att1 - Customer Growth Volumes.xlsx, 103 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-06
Page 9 of 45

REQUEST:

Provide detailed calculations of all growth factors applied to the test period volumetric usage by the Company.

RESPONSE:

Atmos Energy incorporates by reference workpapers 1-3 and 1-4 that were included in the Company's response to MFR 1-12, "Staff_1-12_Att1 - Densman - Revenue Workpapers (CONFIDENTIAL).xls". Please see Attachment 1 for a copy of the referenced workpapers. In addition, please see embedded formulas within Schedule JCD-2 (columns j and k) to see the associated growth volume calculation. Please see Attachment 2 for a copy of this schedule. The information in Attachment 1 and Attachment 2 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-06_Att1 - Densman Rev WPs - WP 1-3, 1-4 (CONFIDENTIAL).xls, 2 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-06_Att2 - Densman Rev WPs - JCD-2 (CONFIDENTIAL).xls, 2 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-07
Page 10 of 45

REQUEST:

Provide all work papers used to calculate each weather normalizing adjustment shown on JCD-1.

RESPONSE:

Atmos Energy incorporates by reference workpapers 1-7 to 1-14, included in the Company's response to MFR 1-12, "Staff_1-12_Att1 - Densman - Revenue Workpapers (CONFIDENTIAL).xls". Please see Attachment 1 for a copy of the workpapers. In addition, please see Attachment 2 and Attachment 3. The information in Attachment 1 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-07_Att1 - Densman Rev WPs - WP 1-7 - WP 1-14 (CONFIDENTIAL).xls, 29 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-07_Att1 - Actual Heating Degree Days.xlsx, 56 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, TRA_1-07_Att2 - Normal Heating Degree Days.xlsx, 8 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-08
Page 11 of 45

REQUEST:

Provide JCD-1 with and without WNA adjustments. Also, provide the total WNA adjustment.

RESPONSE:

Please see Attachment 1. The information in Attachment 1 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

The total WNA adjustment was \$2,659,059 for the test period.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-08_Att1 - Schedule JCD-1 WNA (CONFIDENTIAL).xlsx, 4 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-09
Page 12 of 45

REQUEST:

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.

RESPONSE:

The WNA adjustment is and has always been calculated based on the annual number of actual and normal heating degree days. The WNA adjustment in both Ccf and dollar margin reflects the annual adjustment. The WNA mechanism itself currently applies (in billing adjustments) to the months of November through April. In other words, the 12 months of the test year is weather normalized; however, the billing system currently applies a WNA factor only during November through April.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-10
Page 13 of 45

REQUEST:

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.

RESPONSE:

Atmos Energy incorporates by reference its response to TRA DR No. 1-09. Similarly, the base use and heat use factors are calculated through a regression analysis of the 36 months historical customer counts, Ccf sales, and actual heating degree days. In other words, there is no impact as a result of proposing to apply a WNA factor during the October billing month.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-11
Page 14 of 45

REQUEST:

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"

RESPONSE:

The projections for Forfeited Discounts, Miscellaneous Service Charges and all other miscellaneous accounts by general ledger account are, and previously have been, based upon the historical test period amount. Since the Company is not requesting a change in these rates we are not anticipating any measurable increase or decrease in these revenues. This method was similarly used in the Company's 2008 Tennessee rate case.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-12
Page 15 of 45

REQUEST:

Provide all special contracts or cite where they have been provided in this docket.

RESPONSE:

Atmos Energy incorporates by reference its response to CAPD DR No. 1-05. Part of the response was filed confidential.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-13
Page 16 of 45

REQUEST:

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.

RESPONSE:

Atmos Energy does not offer an insurance/protection plan to cover problems with customers' gas lines.

Respondent: Josh Densman

**Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-14
Page 17 of 45**

REQUEST:

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.

RESPONSE:

The sale of the Company's Missouri, Illinois and Iowa assets impact the revenue requirement in Tennessee by affecting the allocation factors that are calculated in accordance with the Company's Cost Allocation Manual, included in the testimony of Company witness Mr. Jason Schneider. The impact on those allocation factors is detailed on Attachment 1, and affects the amount of shared expenses and rate base allocated to Tennessee. Direct expenses, rate base, and all revenues are unaffected as the Company does not allocate revenues.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-14_Att1 - Allocation Factors.xlsx, 6 Pages.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-15
Page 18 of 45

REQUEST:

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.

RESPONSE:

The sale of the Company's Georgia assets was not contemplated until after the Company filed this case. Thus, there is no impact of the sale incorporated into the revenue requirement in this case. Following the close of the transaction, the impact of the sale on the Company's books and records will be similar albeit slightly smaller than the impact of the Missouri, Illinois and Iowa sale: a change in allocation factors affecting shared expenses and rate base with no impact on revenues, direct expenses and direct rate base. The impact of the Georgia sale will have no impact on Tennessee rates until the Company's next rate filing in Tennessee.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-16
Page 19 of 45

REQUEST:

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.

RESPONSE:

Because the assets in Missouri, Illinois, Iowa and Georgia represent a small portion of the total assets and customer base of Atmos Energy, no specific cost savings have been identified from the corporate (SSU) office. The only corporate function with a critical mass large enough to reasonably anticipate savings is the Company's Customer Service Organization (including the call center and back office functions). To the extent savings materialize following the transition and stabilization periods of each disposition, those savings would be captured in the test period of the Company's next rate case.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-17
Page 20 of 45

REQUEST:

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.

RESPONSE:

The assets comprising the dispositions are included only in the rate bases of the states that are part of the transactions. Because these assets were never part of Tennessee rate base, Tennessee operations will not share in the gains.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-18
Page 21 of 45

REQUEST:

Provide all studies (cost, economic, due diligence) performed prior to the sale of the aforementioned distribution assets.

RESPONSE:

Because Atmos Energy was the seller rather than the buyer of the assets, no due diligence studies were performed prior to the sales.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-19
Page 22 of 45

REQUEST:

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.

RESPONSE:

There has been no independent evaluation of the cost allocation manual in Tennessee or any other state. Please see Attachment 1 for the updated Cost Allocation Manual.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-19_Att1 - Updated CAM.pdf, 43 Pages.

Respondent: Jason Schneider

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-20
Page 23 of 45

REQUEST:

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.

RESPONSE:

Atmos Energy objects to this request to the extent that it seeks information or documents protected by the attorney client privilege and/or the attorney work product doctrine. In that regard, and by agreement, Atmos Energy has redacted its attorney fee bills by removing descriptions of work performed, as these descriptions contain information protected by the attorney client privilege and work product doctrine.

Please see Attachment 1 for a copy of Attachment 2 to the Company's response to MFR 1-12, "Staff_1-12_Att2 - Waller - O&M Summary.xls", which includes the total legal costs for Account 923 - A&G Outside Services Employed, Subaccount 06121 - Legal.

Please see Attachment 2 for supporting legal expense invoices paid for work on TRA matters during the test period. The information in Attachment 2 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

The total of legal charges stated in Attachment 1 will include the expense provided in Attachment 2. However, the total in Attachment 1 also includes Company legal expenses aside from those incurred in matters that were directly pending before the TRA.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-20_Att1 - Waller - O&M Summary.xls, 17 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-20_Att1 - Legal Invoices (CONFIDENTIAL).pdf, 116 Pages.

Respondent: Pat Childers

**Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-21
Page 24 of 45**

REQUEST:

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).

RESPONSE:

Please see Attachment 1 through Attachment 4 for how the factors used in the Company's response to MFR No. 35 were developed. The information in Attachment 1 through Attachment 4 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-21_Att1 - 2012 Rate Guarantee Letter (CONFIDENTIAL).pdf, 2 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-21_Att2 - Medical and Dental Cost Per EE (CONFIDENTIAL).xlsx, 1 Page.

ATTACHMENT 3 - Atmos Energy Corporation, TRA_1-21_Att3 - FAS 106 (CONFIDENTIAL).pdf, 5 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, TRA_1-21_Att4 - Workers' Comp Calculation (CONFIDENTIAL).xlsx, 1 Page.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-22
Page 25 of 45

REQUEST:

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).

RESPONSE:

The amounts in the Company's response to MFR No. 12 relate to an individual who is part of the Kentucky/Mid-States General Office (DIV 091) but whose salary and benefits are budgeted in a cost center that also includes individuals in Division 093 (Tennessee). The Company's response to MFR No. 38 appropriately includes the entire amount of this individual's LTIP in division 091, a portion of which is allocated to Tennessee. MFR No. 12 recognizes the fact that a portion of his LTIP was inadvertently budgeted directly in each jurisdiction served by the cost center in question. The difference between the amount in MFR No. 12 that is budgeted in division 093 directly and the amount that should be in division 091 and allocated to division 093 is immaterial.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-23
Page 26 of 45

REQUEST:

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.

RESPONSE:

Please see the pre-filed testimony of Greg Waller, page 8 line 28 through page 9 line 23, for a description of the methodology used to forecast the attrition year level of expenses and discussion of FERC accounts. As discussed in the meeting at TRA offices on August 29, 2012, the Company manages its business (including budgeting, forecasting and variance analysis) by cost type rather than FERC account. The Company appropriately accounts for costs by FERC account as they are incurred but does not forecast by FERC account as a normal course of business. When asked to provide a forecast by FERC account, the Company uses historical per books data to assign its cost type forecast to FERC account. The forecast by cost type is the best forecast of costs that the Company expects to incur during the attrition period. To the extent it does not tie account by account to the "O&M by FERC Acct.xlsx" calculation, the reason is explained here and in testimony. The total amount of O&M in the attrition period does tie to the "O&M by FERC Acct.xlsx" calculation.

As discussed in the meeting at TRA offices on August 29, 2012, capitalized overhead for Shared Services, including the capitalized portion of LTIP, is accounted for in the MISC cost category, which is shown as a credit to expense in "O&M by FERC Acct.xlsx" on line 415.

Respondent: Greg Waller

**Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-24
Page 27 of 45**

REQUEST:

Provide a detailed analysis of Insurance Expense for the attrition period in the format of MFG #1-36.

RESPONSE:

Please see Attachment 1 for a detailed analysis of Insurance Expense for the attrition period. Consistent with MFR 36, the attached analysis only includes liability and property insurance. The information in Attachment 1 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-24_Att1 - Insurance Expense (CONFIDENTIAL).xlsx, 1 Page.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-25
Page 28 of 45

REQUEST:

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.

RESPONSE:

The 4% inflation factor recognizes the fact that the Company expects insurance premiums to increase at a rate higher than overall inflation. Loss activity in the energy sector - particularly in oil and gas pipelines - is driving insurers to seek increased premium rates for gas utility operators. Although these losses are not directly attributable to Atmos Energy, gas utilities end up bearing additional costs due to such losses in the form of increased insurance premiums. The Company's most recent estimate anticipates a 3-6% increase in premiums from industry mutual insurance companies (Aegis, EIM, OCIL), and a 10% or higher increase for non-mutual, stockholder-owned insurance companies. Further, the Company has made the decision to purchase cyber liability insurance. This additional cost will be incurred beginning in FY2013. Cyber liability is an emerging and growing risk faced by utilities. This new line of insurance will protect both the Company and its customers from losses caused by cyber-related attacks.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-26
Page 29 of 45

REQUEST:

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.

RESPONSE:

Please see Attachment 1 for a detailed Rent Schedule by division.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-26_Att1 - Rent Schedule by Division.xls, 2 Pages.

Respondents: Jason Schneider and Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-27
Page 30 of 45

REQUEST:

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.

RESPONSE:

Please see Attachment 1 for the O&M expense amounts recorded in Sub Account 04146 - Public Relations. Please see Attachment 2 for the related invoices.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-27_Att1 - Public Relations.xls, 2 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-27_Att2 - Public Relations Invoices.pdf, 37 Pages.

Respondent: Jason Schneider

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-28
Page 31 of 45

REQUEST:

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.

RESPONSE:

After further review, the Company found that \$61,658.05 should not have been included in dues and donations. Of this amount, \$19,066.10 was inadvertently included in the attrition period and will be removed. Please see Attachment 1 for a list of organizations and amounts paid to each Dues and Donations Accounts for the Tennessee division.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-28_Att1 - Organizations.xlsx, 1 Page.

Respondent: Jason Schneider

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-29
Page 32 of 45

REQUEST:

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.

RESPONSE:

A few accounts were inadvertently left off the Company's response to MFR No. 39. Please see Attachment 1 for an updated attrition period in MFR No. 39.

Please see the pre-filed testimony of Greg Waller, page 8 line 28 through page 9 line 23, for a description of the methodology used to forecast the attrition year level of expenses and discussion of FERC accounts. As discussed in the meeting at TRA offices on August 29, 2012, the Company manages its business (including budgeting, forecasting and variance analysis) by cost type rather than FERC account. The Company appropriately accounts for costs by FERC account as they are incurred but does not forecast by FERC account as a normal course of business. When asked to provide a forecast by FERC account, the Company uses historical per books data to assign its cost type forecast to FERC account. The forecast by cost type is the best forecast of costs that the Company expects to incur during the attrition period. To the extent it does not tie account by account to the "O&M by FERC Acct.xlsx" calculation, the reason is explained here and in testimony. The total amount of O&M in the attrition period does tie to the "O&M by FERC Acct.xlsx" calculation.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-29_Att1 - Advertising Expenses Updated.xlsx, 1 Page.

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-30
Page 33 of 45

REQUEST:

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.

RESPONSE:

The Company did an expense review to remove all Spousal and Dependent travel. Please see Attachment 2 to the Company's response to MFR No. 12, which was also provide as Attachment 1 to the Company's response to TRA DR No. 1-20, for an O&M summary. The Company made these adjustments on the following lines:

1. Division 002 - Column AJ, Lines 350-354
2. Division 012 - Column AJ, Lines 349-353
3. Division 091 - Column AJ, Lines 349, 351, 352
4. Division 093 - Column AJ, Lines 350, 352, 353

Respondents: Jason Schneider and Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-31
Page 34 of 45

REQUEST:

Identify all amounts included for travel and entertainment expense associated with lobbying.

RESPONSE:

All amounts for travel and entertainment expense associated with lobbying are debited to account 4264 (below the line) and are not recovered as operating expenses.

Respondents: Jason Schneider and Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-32
Page 35 of 45

REQUEST:

Identify and discuss all efforts made to reduce travel expense by using teleconferences, virtual meetings, etc.

RESPONSE:

While the Company has issued no official policy on reducing travel expense, annual budgeting guidelines have required T&E expenses to be flat or lower for the last several fiscal years. As shown on Schedule GW-2, T&E expenses are lower in the attrition period when compared to the historical period in each entity (Tennessee, General Office, SSU).

Respondent: Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-33
Page 36 of 45

REQUEST:

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).

RESPONSE:

The Monthly Filings submitted by the Rate Administration group within Gas Accounting primarily focus on the reporting of write-offs and recoveries as they relate to Gas Cost. The source of Rate Administration's data for the monthly filings focuses only on those transactions that encompass Gas Cost components. Therefore, the recoveries and write-offs for both Gas Cost and Margin in their report is only for transactions that have Gas Cost components which does not represent the totality of activity related to the Rate Jurisdiction.

The recently submitted Uncollectible Expense data request file represents the totality of Write-offs and Recoveries for all transactions that occurred for the given period for the Tennessee rate jurisdiction and correspondingly tie back to the financial statements for Tennessee.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-34
Page 37 of 45

REQUEST:

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.

RESPONSE:

Please see Attachment 1 for a detailed Telecom Expense Schedule by division.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-34_Att1 - Telecom Schedule by Division.xls, 2 Pages.

Respondents: Jason Schneider and Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-35
Page 38 of 45

REQUEST:

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.

RESPONSE:

Please see Attachment 1 for a detailed Vehicle and Equipment Schedule by division.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-35_Att1 - Vehicles & Equipment Schedule by Division.xls, 2 Pages.

Respondents: Jason Schneider and Greg Waller

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-36
Page 39 of 45

REQUEST:

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.

RESPONSE:

The increase in Outside Services for division 002 is related to the increase in contract labor. The decrease in Outside Service Expense for division 091 occurred because the Company adjusted for variable costs related to the sale of Missouri, Iowa and Illinois.

Respondent: Greg Waller

**Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-37
Page 40 of 45**

REQUEST:

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.

RESPONSE:

The excess deferred tax liabilities that existed on the balance sheet upon adoption of FAS 109 are amortized over the life of the assets that generated these deferred tax liabilities. The amortization of these liabilities does not impact taxable income and thus is not included on the federal income tax return.

Atmos Energy's books and records are maintained at the division level. As such, the ITC amortization adjustments are calculated at the division level and included in the deferred income tax balances as recorded on our financial books. The amortization adjustments are not allocated.

Please see Attachment 1 for an ITC amortization schedule that supports the deferred income tax balances as of 9/30/2011.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-37_Att1 - ITC Amortization Schedule - FY11 Return.xlsx, 1 Page.

Respondent: Jason Schneider

**Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-38
Page 41 of 45**

REQUEST:

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.

RESPONSE:

The following forms/workpapers are included to support the Schedule M adjustments for FY11:

- Schedule M-3 (Attachment 1) - this schedule includes the Schedule M adjustments that affect taxable income and the deferred income tax balance for Atmos Energy Corporation, in total. The information in Attachment 1 is Confidential pursuant to the terms of the Protective Order in this matter and is being produced in a sealed envelope marked Confidential, to be filed under seal.

- Book-to-Tax Walk (Attachment 2) - this schedule includes all of the Schedule M adjustments for divisions 002, 012, 091, and 093.

Atmos Energy's books and records are maintained at the division level. As such, the Schedule M adjustments are calculated at the division level and posted accordingly. The adjustments are not allocated.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-38_Att1 - AUT Schedule M-3 FY11 (CONFIDENTIAL).pdf, 3 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-38_Att2 - BTW - FY11.xls, 2 Page.

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Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-39
Page 42 of 45

REQUEST:

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.

RESPONSE:

Working Capital: The amount in the test year on Schedule THP-7 is the result of a lead-lag study included with the filing. For simplicity, the monthly reports conservatively assume a working capital amount of zero.

Accumulated Depreciation: The difference is due to three items: (1) the 3:03 report amount is a twelve month average while the Schedule THP-7 amount is a thirteen month average; (2) the 3:03 report incorrectly used the Division 002 allocation factor for Division 012 for the months April 2011 through February 2012; and (3) the allocation factors are rounded differently. Please see Attachment 1 for a workpaper showing the differences by month and showing within month details for the months of February and March 2012.

Materials: The difference is primarily due to the monthly 3:03 report including Account 1630 Stores Expense Undistributed amounts in materials while Schedule THP-7 limits materials to Account 1540 Materials and Supplies. The remaining small difference is due to the use of a twelve month average for the 3:03 report and a 13 month average for Schedule THP-7 as well as allocation factor rounding. Please see Attachment 1.

Stored Gas: The difference is due to three items: (1) the 3:03 report amount is a twelve month average while the Schedule THP-7 amount is a thirteen month average; (2) the 3:03 updates the percentage split of shared storage between Tennessee and Virginia annually while the supporting calculation for Schedule THP-7 updates the percentage split monthly; and (3) \$47,121 of storage gas was incorrectly booked to the shared storage for nine months of the test year and this error was incorporated into the 3:03 report filings while it was corrected for Schedule THP-7. Please see Attachment 1.

Accumulated Interest on Deposits: The amount in the 3:03 report is calculated as one full year's interest on the balance of customer deposits while the amount on Schedule THP-7 is the 13 month average of the actual balances on the Company's books. Please see Attachment 1.

ADIT: The difference is due to four items: (1) the 3:03 report amount is a twelve month average while the Schedule THP-7 amount is a thirteen month average; (2) the 3:03 report omitted amounts for Division 012 for months in the test year prior to March 2012; (3) the amount for NOL Credit Carryforward related to the Company's non-regulated

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Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-39
Page 43 of 45

business was not removed from the 3:03 report but was removed from Schedule THP-7; and (4) the allocation factors are rounded differently. Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-39_Att1 - Rate Base Workpaper.xlsx, 5 Pages.

Respondent: Thomas Petersen

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-40
Page 44 of 45

REQUEST:

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.

RESPONSE:

- a) Please see Attachment 1.
- b) The locations of the bare steel projected to be replaced in 2012 and 2013 are:

2012: Union City, Columbia, Murfreesboro, Maryville, Johnson City, Greenville, and Morristown

2013: Columbia, Murfreesboro, Shelbyville, Maryville, Johnson City, Greenville, and Morristown
- c) As noted on Page 16, Line 2 of the Direct Testimony of witness Earnest Napier, the location of the 6 miles of transmission main to be replaced in 2013 is in Rutherford County, TN.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-40_Att1 - Detail of Various Project Name over \$1 million.xls, 4 Pages.

Respondent: Josh Densman

Docket No. 12-00064
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 1
Question No. 1-41
Page 45 of 45

REQUEST:

Provide all calculations in Excel format with documentation, detailing the \$32,418,480 amount in column c On Schedule THP-7.

RESPONSE:

The identified amount on line 1 of column c is the difference between the amounts on columns b and d. The amount on column b is calculated on WP THP 7-2 and the amounts used in that calculation come from Attachment 8 to the Company's response to MFR No. 12. The amount on column d is calculated on WP THP 7-1 and the amounts used in that calculation come from Attachment 8 to the Company's response to MFR No. 12.

The plant discrepancies between Attachment 8 to MFR No. 12 and the exhibit are due to a cell reference issue in a workpaper (a formula was inadvertently copied incorrectly) and rounding on the allocation factors. Corrections have been to address the issue. Please see Attachment 1 through Attachment 3 for the corrected workpaper, which is Attachment 9 to MFR No. 12, and the corrected schedules as well as a copy of Staff's reconciliation workpaper that showed the discrepancies with the corrected data entered.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, TRA_1-41_Att1 - Staff_1-12_Att9 - Petersen - Rate Base forecasts corrected.xlsx, 11 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, TRA_1-41_Att2 - Petersen Direct Testimony Schedule TP-1 FINAL corrected.xls, 29 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, TRA_1-41_Att3 - Plant reconciliation MFR 12 ThP 12.xlsx, 2 Pages.

Respondent: Thomas Petersen