

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION TO REVISE) **TRA Docket No. 13-00111**
PERFORMANCE BASED)
RATEMAKING MECHANISM RIDER)
IN TARIFF)

**TRA PARTY STAFF RESPONSES TO
DISCOVERY REQUESTS OF ATMOS ENERGY CORPORATION
TO TRA PARTY STAFF**

1. Reference is made to Attachments A and C to the Affidavit of Pat Murphy. Quote verbatim and provide page and line citations to all passages from these documents that you contend make any reference to the deadband provision of the Atmos Performance Based Ratemaking tariff.

RESPONSE:

There is no passage that specifically references the deadband provision of the tariff. Issue No. 7 (page 2) of Attachment A, however, recognizes that changes affecting asset management and its inclusion in the PBR could affect the balance of the incentives in the PBR. Staff contends that other changes, such as elimination of the reset provision for the lower end of the deadband, could also affect the balance of incentives contained in the PBR as well. Incentive tariffs should appropriately reward the Company for its efforts to lower the cost of gas for customers, while making sure that customers are fairly compensated for the use of assets they have paid for.

“Should Atmos Energy Corporation share in the lump sum fee it receives from Atmos Energy Marketing under the terms under the asset management contract through its existing Performance Based Ratemaking (“PBR”) plan? If so, how would such a change affect the balance of incentives in the current PBR plan? If the Tennessee Regulatory Authority orders that all or a portion of Atmos Energy Marketing asset management profits be imputed to Atmos Energy Corporation, how would the balance of the incentives in the current PBR be affected? Would such action render the PBR plan ineffective or invalid? Would such action require reversal of the Authority’s orders in the PBR dockets?”¹

¹ See Exhibit 1 to Affidavit of Pat Murphy, Attachment A, page 2 of 3, paragraph 7 (November 25, 2013).

2. Please refer to CAPD's Response to Staff discovery request number one filed on October 28, 2013, which states "negotiations in Docket No. 07-00225 did not include any discussion of the deadband." Admit that this statement is correct. If you do not admit the truth of this statement, then identify as specifically as you are able all discussions of the deadband during the course of the negotiations in the 07-0225 Docket, and produce all documents that you contend evidence such discussions.

RESPONSE:

Party Staff can neither admit nor deny this statement. Party Staff has no knowledge of the negotiations between the CAPD and Atmos regarding the deadband in Docket No. 07-0225.

3. Admit that prior dockets have modified individual provisions of the Atmos Performance Based Ratemaking Tariff.

RESPONSE:

Admit.

4. Admit that the affiliate rules provision of the Atmos Performance Based Ratemaking Tariff was modified in Docket No. 05-00253, the RFP procedure provisions were added to the tariff in Docket No. 05-00253, and a provision expressly including asset management fees was added in Docket No. 11-00195.

RESPONSE:

Admit that a tariff amendment was approved in Docket No. 05-00253 to incorporate implementation of RFP Procedures for selection of an asset manager.

Deny that affiliate rules provision of the PBR was modified in Docket No. 05-00253.^{2 3}

Deny that a provision expressly including asset management fees was added to the PBR in Docket No. 11-00195. That provision was approved in Docket No. 11-00034.^{4 5}

5. Produce and separately identify all documents that support Ms. Murphy's contention that the deadband provisions of the Atmos Performance Based Ratemaking tariff were

² *In Re: Atmos Energy Corporation's Annual Cost Adjustment (ACA) for the Twelve Months Ended June 30, 2005*, Docket No. 05-00253, Order Approving Tariff, page 2 (December 6, 2007).

³ *In Re: Atmos Energy Corporation's Annual Cost Adjustment (ACA) for the Twelve Months Ended June 30, 2005*, Docket No. 05-00253, Copy of Tariff (June 12, 2007).

⁴ *In Re: Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts*, Docket No. 11-00034, Order Approving Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts, page 5 (February 24, 2012).

⁵ *In Re: Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts*, Docket No. 11-00034, 3rd Revised Sheet No. 45.1 of Atmos' Tariff (August 19, 2011).

identified as an issue in Docket No. 07-00225, were litigated in that docket, or were or should have been addressed in connection with the settlement of that docket.

RESPONSE:

Party Staff has admitted that there are no specific references to the deadband provisions of Atmos' PBR in the issues lists provided in Docket No. 07-00225 (see response to Discovery Request No. 1). Party Staff's only issue in this case is that asset management and related sharing incentives must be evaluated together. See paragraphs 12 through 14 of the Affidavit of Pat Murphy. Party Staff never expressed an opinion that the deadband provision of the tariff should have been litigated or addressed separately in that docket. Party Staff's position is that since the triennial review was part of the settlement reached and that the settlement purported to settle all issues in the docket, then asset management practices of Atmos would be evaluated in the context of the PBR and the related sharing incentives. If that is the case, it is premature to address one specific incentive provision of the tariff in isolation. The TRA should have the benefit of the independent consultant's report before making a decision regarding changing any incentive provision of the PBR

6. Admit that TRA Staff withdrew its intervention in Docket No. 05-00258 on Nov 20, 2006, and did not intervene in Docket No. 07-00225.

RESPONSE:

Admit.

7. Admit that Ms. Murphy has no personal knowledge of any of the negotiations that occurred between the parties in Docket No. 07-00225. If your answer is anything other than an unqualified admission, explain the basis for Ms. Murphy's personal knowledge of such negotiations.

RESPONSE:

Admit.

8. Admit that under the Atmos Performance Based Ratemaking tariff, Atmos cannot recover savings of more than the \$1.25 million annual cap no matter what the Authority decides about the tariff amendments requested in this docket.

RESPONSE:

Admit.

9. For each of the past 10 years, and for each of the three regulated gas utilities (Piedmont, Atmos and Chattanooga Gas), state each utility's annual cap on total shared incentive

savings, and state the bottom line amount of incentive savings recovered or retained by each company.

RESPONSE:

OBJECTION This issue is beyond the scope of Party Staff's intervention in this case and Atmos is not seeking an adjustment to its cap. This request does not seek information that is relevant to this proceeding nor is it likely to lead to the discovery of relevant information. Additionally, Chattanooga Gas Company does not share in any profits or losses under its incentive plan but rather under its Interruptible Margin Credit Rider (IMCR) tariff, Party Staff objects to the production of information contained in the IMCR filings, as Chattanooga Gas Company filed the relevant exhibits as confidential. Party Staff provides the attachment labeled Discovery Request No. 9 as a partial response to this request without waiving any objections. Data related to Chattanooga Gas Company has not been provided due to the confidential nature of that information.

10. Quote verbatim all language from the August 6, 2013 Order in Docket No. 07-00225, the settlement agreement from that docket, and/or the Atmos tariff that you contend would bring the deadband reset provision within the scope of the triennial review.

RESPONSE:

“Docket No. 07-00225 was convened as a “Phase II” proceeding by the Authority based on the recommendations related to asset management which were made by the TRA’s Staff audit of the ACA filing of Atmos in Docket No. 05-00253 and issues raised by the Consumer Advocate and the Atmos Intervention Group in Docket No. 05-00258.”⁶

Audit Staff’s concerns regarding an affiliate asset manager were first identified in the above referenced audit report. Staff recommendation 2c recommended that the Authority should open a separate docket to address including the asset management fee in the PBR and if so what the appropriate sharing mechanism and percentage sharing should be.⁷ The fact that ratepayers pay the total cost of assets that are released to an asset manager makes it very important that they be fairly compensated from any savings calculated under the terms of the PBR. Atmos’ asset management agreements have thus far been only with its affiliate Atmos Energy Marketing (“AEM”). The agreements not only provide for the release of pipeline transportation contracts to AEM for an upfront payment, but also for the delivery of gas under Atmos’ gas supply plans. Thus, Atmos can calculate savings under both the Capacity Management Incentive Mechanism (“CMIM”) for the upfront fee, in addition to commodity savings under the Gas Procurement Incentive Mechanism (“GPIM”). The deadband is an integral part of the GPIM. Party Staff, therefore, maintains that any review of asset management

⁶ *In Re: Docket to Evaluate Atmos Energy Corporation’s Gas Purchases and Related Sharing Incentives*, Docket No. 07-00225, Stipulation and Settlement Agreement, page 2 paragraph 3 (May 7, 2013).

⁷ *In Re: Atmos Energy Corporation Actual Cost Adjustment (“ACA”) Audit*, Docket No. 05-00253, Staff Compliance Audit Report, page 16 (April 21, 2006).

transactions and activities within the triennial review must take into account its effect on the PBR in total.

“The Parties to this Settlement Agreement acknowledge the Authority’s decision in Docket No. 07-00224, a Phase II proceeding for Chattanooga Gas Company, and Docket No. 05-00165, a Phase II proceeding for Piedmont Natural Gas Company. Accordingly, the Parties have focused settlement discussions on the Authority’s decision in Docket No. 07-00224.”⁸

As the Parties are aware, the Authority determined in Docket No. 07-00224 that Chattanooga Gas should undergo a similar comprehensive review of the transactions and activities related to the Performance-Based Ratemaking Mechanism (“PBRM”). The scope includes all transactions and activities related either directly or indirectly to its PBRM as conducted by Chattanooga Gas or its affiliate, Sequent Energy Management (“SEM”). Party Staff would find it hard to believe that settlement discussions in Docket No. 07-00225 that focused on the Authority’s decision in the Chattanooga Gas docket would totally separate the activities related to asset management from the related incentives contained in Atmos’ PBR. In fact, the caption of Docket No. 07-00225 is “Docket to Evaluate Atmos Energy Corporation’s Gas Purchases and Related Sharing Incentives.” It is the same for Docket No. 07-00224, “Docket to Evaluate Chattanooga Gas Company’s Gas Purchases and Related Sharing Incentives” and similar in Docket No. 05-00165, “Review of Nashville Gas Company’s IPA Relating to Asset Management Fees”. Incentives in Atmos’ PBR related to asset management activities include the application of the deadband in the GPIM for gas deliveries by the asset manager. As Atmos responded to TRA First Data Request, question 5 “Over the past four (4) years, total GPIM commodity savings reported by Atmos, audited by TRA Staff and upheld by TRA Orders were \$10,981,909. Atmos confirms that savings attributed to avoided pipeline transportation costs for Asset Manager deliveries of city gas purchases total virtually all commodity savings reported.”⁹

“A comprehensive review of the transactions and activities related to Asset Management shall be conducted by an independent consultant.”¹⁰

Party Staff refers Atmos to paragraph 18 (page 6) in the Affidavit of Pat Murphy filed on November 25, 2013. This paragraph describes Party Staff’s belief that any review of asset management would necessarily include a review of related incentives in the PBR. Atmos calculates savings under the GPIM based on actual cost of gas purchased and delivered by its asset manager by comparing it to the benchmark, subject to the restraints of the deadband. The lower end of the deadband is reset every three (3) years under the terms of the PBR.

“The scope of the initial review and any subsequent reviews ordered by the TRA may include all transactions and activities related either directly or indirectly to Asset

⁸ *In Re: Docket to Evaluate Atmos Energy Corporation’s Gas Purchases and Related Sharing Incentives*, Docket No. 07-00225, Stipulation and Settlement Agreement, page 2 paragraph 4 (May 7, 2013).

⁹ Response of Atmos to First Data Request of the TRA, Question number 5 (November 4, 2013).

¹⁰ *In Re: Docket to Evaluate Atmos Energy Corporation’s Gas Purchases and Related Sharing Incentives*, Docket No. 07-00225, Stipulation and Settlement Agreement, page 3 paragraph 7 (May 7, 2013).

Management, including, but not limited to, the following categories of transactions and activities: (a) natural gas procurement; (b) capacity management; (c) storage; (d) hedging; (e) reserve margins; and (f) off-system sales. The scope of each review shall include a review of each of the foregoing matters, as well as, such additional matters as may be reasonably identified by Atmos, the TRA Staff, or the Consumer Advocate relative to Asset Management.”¹¹

The scope outlined in this paragraph clearly allows for a review of related sharing incentives in the PBR by the independent consultant, if requested. The categories of transactions and activities included are not limited to the specific items listed. TRA Staff may introduce additional items for review, such as the related incentives contained in the PBR. In the case of natural gas procurement, the consultant would look at the terms of the GPIM. A review of natural gas procurement by the asset manager over recent years and the outlook for natural gas prices in the future could give the TRA a better perspective when making a decision regarding the need for a deadband and whether any deadband should be constant or reset based on past performance as originally approved by the Public Service Commission.

“Atmos, the TRA Staff, or the Consumer Advocate may present documents and information to the independent consultant for the independent consultant’s review (and subsequent reviews) and consideration.”¹²

TRA Staff would have the ability to use the independent consultant’s expertise to independently evaluate how effective the incentives, including the deadband, are in providing the maximum benefit for ratepayers.

11. Admit that that there is no mention of the deadband provisions of the Atmos Performance Based Ratemaking tariff in any issues list from Docket 07-00225.

RESPONSE:

See response to Discovery Request No. 1

12. Admit that the Atmos Performance Based Ratemaking tariff contains provisions allowing for modification, with Authority approval.

RESPONSE:

Admit.

¹¹ *In Re: Docket to Evaluate Atmos Energy Corporation’s Gas Purchases and Related Sharing Incentives*, Docket No. 07-00225, Stipulation and Settlement Agreement, page 4 paragraph 12 (May 7, 2013).

¹² *In Re: Docket to Evaluate Atmos Energy Corporation’s Gas Purchases and Related Sharing Incentives*, Docket No. 07-00225, Stipulation and Settlement Agreement, page 4 paragraph 13 (May 7, 2013).

13. Admit that Chattanooga Gas Company (“CGC”), Piedmont Natural Gas (“PNG”), and Atmos each have in the past requested modifications to their performance based ratemaking tariffs, which modifications have been approved by the Authority.

RESPONSE:

Deny. The majority of modifications approved by the Authority were company responses to audit recommendations or issues raised by interveners in contested cases, not substantive changes of incentives originating with the companies.

Atmos’ modifications to include RFP procedures stemmed from TRA Audit Staff recommendations related to asset management in Docket No. 05-00253¹³. These audit recommendations and asset management issues raised by the Consumer Advocate and Atmos Intervention Group in Docket No. 05-00258¹⁴ led to the opening of Docket No. 07-00225, in which triennial review procedures were established as part of the settlement reached between Atmos and the Consumer Advocate. The only prior substantive tariff changes requested by Atmos was the addition of a Transportation Index Factor (“TIF”) Incentive Mechanism¹⁵ which was denied by the Hearing Officer (upheld by the TRA pending a possible future hearing on the matter) in Docket No. 01-00704¹⁶ and the addition of asset management fees eligible for sharing in the PBR in Docket No. 11-00034. The Consumer Advocate and the TRA Staff did not contest this addition. Asset management fees were approved for inclusion on an interim basis in Docket No. 11-00195¹⁷ and Atmos’ formal request, approved in Docket No. 11-00034¹⁸, made the modification permanent.

Likewise, Chattanooga Gas Company added RFP Procedures and Affiliate Guidelines to its Performance-Based Ratemaking tariff following TRA Audit Staff’s findings in Docket No. 04-00402¹⁹. Docket No. 07-00224 was opened to address asset management issues

¹³ *In Re: Atmos Energy Corporation’s Annual Cost Adjustment (ACA) for the Twelve Months Ended June 30, 2005*, Docket No. 05-00253, Order Approving Tariff, page 1 (December 6, 2007).

¹⁴ *In Re: Petition of the Consumer Advocate to Open an Investigation to Determine Whether Atmos Energy Corp. Should Be Required by the Tennessee Regulatory Authority to Appear and Show Cause that Atmos Energy Corp. is not Overearning in Violation of Tennessee Law and that it is Charging Rates that are Just and Reasonable*, Docket No. 05-00258, Order Closing Dockets and Moving Remaining Issues to a New Docket, pages 5-7 (December 5, 2007).

¹⁵ *In Re: Petition of United Cities Gas Company to Amend the Performance Based Ratemaking Mechanism Rider*, Docket No. 02-00850, Petition (August 9, 2002). This Docket was moved and incorporated into Docket No. 01-00704.

¹⁶ *In Re: United Cities Gas Company Incentive Plan Account (IPA) Audit*, Docket No. 01-00704, Order Affirming, in Part, and Vacating, in Part, Hearing Officer’s Initial Order, page 10 (May 13, 2008).

¹⁷ *In Re: Audit of Atmos Energy Corporation’s Incentive Plan Account for the Period April 1, 2004 Through March 31, 2007*, Docket No. 11-00195, Order, page 12 (September 10, 2012).

¹⁸ *In Re: Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts*, Docket No. 11-00034, Order, page 5 (February 24, 2012).

¹⁹ *In Re: Summary of the Transactions in Chattanooga Gas Company’s Deferred Gas Cost Account for the Twelve Months Ended June 30, 2004 and the Computation of the ACA Factor Effective January 1, 2005*, Docket No. 04-00402, Order Adopting Tariff Revisions (December 5, 2006).

raised in the Rate Case Docket No. 06-00175²⁰. A settlement agreement in that docket included the addition of triennial review procedures in the incentive tariff. Chattanooga Gas has not petitioned the Authority for any substantive changes to the terms of its Performance-Based Ratemaking tariff.

As a result of TRA Audit Staff's finding regarding hedging costs in Docket No. 09-00093²¹, Piedmont Natural Gas petitioned the Authority for approval of clarifying language regarding interpretation of the tariff (Service Schedule 316) with respect to the accounting for hedging transactions.²² This hedging provision was established in the totally revised tariff resulting from the settlement agreement in Docket No. 05-00165.²³ Piedmont has not petitioned the Authority for any substantive changes to the terms of its tariff.

14. Admit that PNG's incentive plan once contained a 1% deadband (99% to 101%), and that this deadband has been eliminated from the PNG tariff.

RESPONSE:

Admit with clarification. The deadband was removed, but not because of a petition from Piedmont to do so.

Incentive plans are not constructed from a cookie cutter pattern. Rather, appropriate incentives are structured for the individual company. In response to Audit Staff's concerns expressed in its Audit Report in Docket No. 04-00290,²⁴ Docket No. 05-00165 was opened to resolve the issue regarding inclusion of asset management fees into the Incentive Plan, including sharing of savings.²⁵ Broader concerns emerged during negotiations between the company, the Consumer Advocate and the TRA Party Staff, which led to a complete re-structuring of Piedmont's Performance Incentive Plan ("Incentive Plan") to simplify the tariff and ensure a balance of incentives. The final approved Incentive Plan eliminated the one percent deadband. As Piedmont Attorney, Jim Jeffries, explained to the panel at the August 20, 2007, Authority Conference, the consumers are better off under the new methodology than the original tariff methodology.²⁶ Ms. Murphy participated as TRA Party Staff in that Docket.

²⁰ The Panel voted to approve Chattanooga Gas' request to close Phase II of Docket No. 06-00175 and open a separate docket to address asset management issues raised by the Consumer Advocate and the Chattanooga Manufacturers Association. The settlement agreement in Docket No. 07-00224 added triennial review procedures to the tariff.

²¹ *In Re: Piedmont Natural Gas, Inc.'s Actual Cost Account Adjustment Filing for the Twelve Months Ended December 31, 2008*, Docket No. 09-00093, Staff Compliance Audit Report, pages 12-14 (August 4, 2010).

²² *In Re: Piedmont Natural Gas Company, Inc. Service Schedule 316 Revisions to Clarify the Operation of Piedmont's Performance Incentive Plan with Respect to Hedging Transactions*, Docket No. 10-00201, Order Approving Service Schedule 316 Revisions (December 15, 2010).

²³ *In Re: Review of Nashville Gas Company's IPA Relating to Asset Management Fees*, Docket No. 05-00165.

²⁴ *In Re: Audit of Nashville Gas Company's Incentive Plan Account for the Plan Year Ended June 30, 2004*, Docket No. 04-00290.

²⁵ *In Re: Review of Nashville Gas Company's IPA relating to Asset Management Fees*, Docket No. 05-00165.

²⁶ Transcript of Authority Conference, Monday August 20, 2007, pages 57-59.

15. Admit that Atmos's annual filings under its performance based ratemaking plan have included the NORA "delivered supply contract" in calculating shared savings since the 2001 plan year, and that the TRA Staff's audits of those calculations have made no recommendation related thereto.

RESPONSE:

OBJECTION This issue is beyond the scope of Party Staff's intervention in this case and this request does not seek information that is relevant to this proceeding nor is it likely to lead to the discovery of relevant information. Party Staff provides the following answer as a response to this request without waiving any objections.

Party Staff answers by admitting in part and denying in part. Party Staff admits that the NORA contract has been included in PBR filings since the 2001 plan year. Party Staff denies, however, that TRA Staff's audits of the calculated shared savings have made no recommendations. Finding #3 in Audit Staff's report in Docket No. 01-00704 stated that "The Company's calculation of "savings" related to the NORA contract does not conform to the terms of its Incentive Plan".²⁷ Staff's report and findings were approved by the Hearing Officer²⁸ and upheld on reconsideration by the panel.²⁹

16. Produce all correspondence, e-mails, and other documents reflecting any communication between Pat Murphy and any TRA Director, Staff, TRA employee or outside party concerning this docket. Communications between Ms. Murphy and her counsel, Shiva Bozarth, are excluded from this request.

RESPONSE:

Party Staff has conducted a thorough search of their email and other correspondence. Party Staff could find no correspondence, email, or other documents responsive to this Discovery Request. Party Staff would direct Atmos to paragraphs 5, 7 and 8 of Affidavit of Pat Murphy and reiterate that there have been no communications between Party Staff and the TRA Directors regarding this case.

17. Provide the date, identify the participants, and detail the contents of each communication between Pat Murphy and any TRA Director, Staff, TRA employee or outside party concerning this docket. Communications between Ms. Murphy and her counsel, Shiva Bozarth, are excluded from this request.

RESPONSE:

²⁷ *In Re: Audit of United Cities Gas Company's Incentive Plan Account (IPA) for the Period April 1, 2000, through March 31, 2001*, Docket No. 01-00704, Compliance Audit Report, page 17 (April 10, 2002).

²⁸ *In Re: Audit of United Cities Gas Company's Incentive Plan Account (IPA) for the Period April 1, 2000, through March 31, 2001*, Docket No. 01-00704, Hearing Officer Initial Order on the Merits, page 37 (March 14, 2006).

²⁹ *In Re: Audit of United Cities Gas Company's Incentive Plan Account (IPA) for the Period April 1, 2000, through March 31, 2001*, Docket No. 01-00704, Order Affirming, in Part, and Vacating, in Part, Hearing Officer's Initial Order, page 10 (May 13, 2008).

Party Staff would direct Atmos to paragraphs 5, 7 and 8 of Affidavit of Pat Murphy and reiterate that there have been no communications between Party Staff and the TRA Directors regarding this case.

18. Identify each TRA docket in which there have been modifications to the performance based rate mechanism tariff for a TRA-regulated Tennessee gas utility, and describe the tariff modification(s) approved in each docket. Please note all instances in which modifications have been made to the tariffs outside of a triennial review.

RESPONSE:

Docket No.	Company	Modification	Outside
04-00402	Chattanooga Gas	Added RFP procedures and Affiliate Guidelines	X
05-00165	Piedmont NG	Re-structured tariff incentive provisions and added RFP procedures and Triennial Review procedures	X
05-00253	Atmos Energy	Added RFP procedures for selection of asset manager	X
07-00224	Chattanooga Gas	Added Triennial Review procedures	X
07-00225	Atmos Energy	Added Triennial Review procedures	X
10-00201	Piedmont NG	Language to clarify hedging provision of tariff	X
11-00034	Atmos Energy	Added language to include the sharing of asset management fees in the PBR	X

See also response to Discovery Request No. 13.

19. Admit that the elimination of PNG's deadband pre-dated PNG's first triennial review procedure.

RESPONSE:

Admit. Triennial review process was established in the same docket that eliminated the deadband.

20. Admit that contracts like the NORA contract avoid upstream interstate pipeline demand charges that would flow through the PGA.

RESPONSE:

OBJECTION this issue is beyond the scope of Party Staff's intervention in this case and this request does not seek information that is relevant to this proceeding nor is it likely to lead to the discovery of relevant information. Party Staff provides the following answer as a response to this request without waiving any objections.

Based strictly on assertions put forth by Atmos, this statement is true. Party Staff, however, reserves judgment until the topic of city gate purchases can be addressed by the independent consultant in the triennial review.

21. Admit that in at least one prior docket, Pat Murphy submitted testimony opposing Atmos Energy's sharing of upfront asset management fees under its performance based ratemaking plan.

RESPONSE:

OBJECTION This issue is beyond the scope of Party Staff's intervention in this case and this request does not seek information that is relevant to this proceeding nor is it likely to lead to the discovery of relevant information. Party Staff provides the following answer as a response to this request without waiving any objections.

Deny. Party Staff's objection in that docket hinged on the fact that asset management activities were not the norm when the incentive plan was first crafted and approved, not that sharing should never take place in an incentive plan. Party Staff believed the Authority should rule on the inclusion of asset management fees. Atmos is not seeking a change to the sharing of these fees in this docket, however, nor is Staff taking any position contrary to the tariff.

22. Admit that Ms. Murphy's position opposing Atmos Energy's sharing of upfront asset management fees under its performance based ratemaking plan was overruled by the Authority, and Atmos was ultimately allowed to share in those upfront asset management fees despite Ms. Murphy's objections.

RESPONSE:

OBJECTION This issue is beyond the scope of Party Staff's intervention in this case and this request does not seek information that is relevant to this proceeding nor is it likely to lead to the discovery of relevant information. Party Staff provides the following answer as a response to this request without waiving any objections.

Deny. See response to Question No. 21.

23. Admit that Atmos could replace its “delivered supply contracts” with upstream interstate pipeline supply contracts, at increased cost to ratepayers.

RESPONSE:

OBJECTION This issue is beyond the scope of Party Staff’s intervention in this case and this request does not seek information that is relevant to this proceeding nor is it likely to lead to the discovery of relevant information. Party Staff provides the following answer as a response to this request without waiving any objections.

Neither admit nor deny. Party Staff is not knowledgeable of Atmos’ gas planning since no Gas Supply Plans have been submitted or discussed with TRA Staff.

24. If your response to any request for admission is anything other than an unqualified admission, explain the bases and reasons for your response.

RESPONSE:

Questions 9, 15, 20 and 23 - Atmos seeks to expand the scope of Party Staff’s intervention in this case.

Questions 2 and 23 - Atmos requests admission of information that is not within the purview of TRA Staff.

Questions 4 - while Atmos correctly identifies some modifications made to its PBR, it references incorrect Dockets.

Question 11 – while no specific mention is made of the deadband in the issues lists for Docket No. 07-00225, Party Staff would posit that any review of asset management practices by an independent consultant during the triennial review would require that the practices and resulting asset management agreements be evaluated in the context of the PBR tariff. The agreements with Atmos Energy Management (“AEM”) not only include a release of capacity assets for use by AEM, but also a Gas Supply agreement. Gas costs under this agreement are compared to the benchmarks in the PBR subject to the deadband.

Question 13 – clarification provided to make it clear that most of the modifications to tariffs were made in response to issues arising from TRA audits and other contested cases, not in response to changes requested by the companies themselves.

Question 14 – clarification provided to make it clear that Piedmont itself did not petition the Authority to remove its deadband.

Questions 21 and 22 – questions are irrelevant to this docket.

Respectfully submitted,



Shiva K. Bozarth, BPR # 022685
Tennessee Regulatory Authority
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that I have served a copy of the foregoing document on the following persons by U.S. Mail:

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Vance Broemel
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P.O. Box 20207
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This the 10th day of January, 2014


Shiva K. Bozarth