

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

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR ANNUAL
REVIEW OF RATES**

DOCKET NO. 14-00081

PETITION TO INTERVENE

Robert E. Cooper, Jr., Attorney General and Reporter for the State of Tennessee, by and through the Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”), pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Regulatory Authority (“TRA” or “Authority”) to grant the Consumer Advocate’s intervention into this proceeding on behalf of the public interest, because consumers may be adversely affected by the Petition of Atmos Energy Corporation for Annual Review of Rates (“Petition”) filed in this TRA Docket by Atmos Energy Corporation (“Atmos Energy” or “Utility”). For cause, the Consumer Advocate would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public utility services by initiating and intervening as a party in proceedings before the Authority in accordance with the Uniform Administrative Procedures Act and Authority rules.

2. Atmos Energy is a public utility regulated by the Authority and provides natural gas service to approximately 132,000 residential, commercial, and

industrial customers in Tennessee.¹ The Utility's principal office and place of business is located at Atmos Energy Corporation, 5430 LBJ Freeway, Suite 1800, Dallas, Texas 75240.²

3. On August 28, 2014, Atmos Energy filed the Petition opting into the annual rate review procedure established under Tenn. Code Ann. § 65-5-103(d)(6).³ In the Petition, Atmos Energy asks the TRA to adjust the Utility's tariff rates to enable the Utility to earn the return on equity, i.e., 10.1%, set out in its most recent general rate case, with the new rates to take effect on January 1, 2015,⁴ and with such rates being adjusted each January 1 thereafter, until the annual review plan may be terminated pursuant to Tenn. Code Ann. § 65-5-103(d)(6)(D).⁵ With the Petition, the Utility filed a proposed Annual Review Mechanism tariff ("ARM tariff"),⁶ which the Utility asserts would allow for an orderly implementation of the annual review mechanism,⁷ and asks the Authority to approve such tariff, with any amendments that the Authority may order.⁸

4. As support for the Petition, Atmos Energy asserts that Tenn. Code Ann. § 65-5-103(d)(6) "gives utilities a statutory right to opt for an annual review of their rates."⁹ With respect to opt-in requirements, Atmos Energy states that "[u]nder subsection (d)(6)(B), a utility is eligible to opt for annual rate review if the

¹ Petition, page 2, paragraph 3 (for clarity of reference, the page numbering on each page of the Atmos Energy Petition, which does not include the cover letter and table of contents, will be used in this Petition to Intervene).

² Petition, page 1, paragraph 1.

³ Petition, page 1, first sentence.

⁴ See Petition, page 5, request for relief number 2.

⁵ Petition, page 5-6, request for relief number 3.

⁶ See Petition, page 4, paragraph 9, and the Pre-Filed Testimony of Gregory K. Waller on Behalf of Atmos Energy Corporation ("Waller Direct Testimony"), Exhibit GKW-1.

⁷ Petition, page 4, paragraph 9.

⁸ Petition, page 6, request for relief number 4.

⁹ Petition, page 2, paragraph 4.

utility ‘has engaged in a general rate case’ within the past five years” and, since the Utility engaged in a “general rate case less than five years ago, in [TRA] Docket No. 12-00064, . . . [the Utility] is therefore eligible to opt for annual rate review under the statute.”¹⁰ Atmos Energy states that “[t]he final order in [TRA] Docket No. 12-00064 was entered on December 4, 2012, and approved, inter alia, a return on equity of 10.1%.”¹¹

5. With respect to Atmos Energy’s rates set in its most recent general rate case, the Utility asserts in the Petition that such rates “are not adequate to permit it an opportunity to recover its reasonable operating costs and to earn its allowed rate of return on equity as established in Docket No. 12-00064.”¹² Specifically, Atmos Energy contends that it is not achieving its allowed return on capital with the rates currently in place because the Utility’s indicated return on equity for the Forward Looking Test Year¹³ is 8.87%, which “falls below the allowed return on equity of 10.1% approved for the [Utility] in [TRA] Docket 12-00064.”¹⁴ With respect to its calculations, the Utility filed eleven schedules (“Supporting Schedules”)¹⁵ supporting the Utility’s proposed rate increase in this TRA Docket, and with such Supporting Schedules being proposed in the ARM tariff to be used to calculate the potential rate increase on

¹⁰ Id.

¹¹ Id.

¹² Petition, page 3, paragraph 6.

¹³ See Waller Direct Testimony, page 4, lines 14-15 (Forward Looking Test Year defined).

¹⁴ Petition, page 3, paragraph 6.

¹⁵ See Petition, page 3, paragraph 7, and pages 4-5, paragraph 10. Additionally, the Utility filed testimony by Patricia J. Childers, Vice-President Rates and Regulatory Affairs of the Kentucky/Mid-States Division; Gregory K Waller, Manager Rates and Regulatory Affairs; and Jason L. Schneider, Director of Accounting Services – with all such testimony being in support of the Petition. Petition, pages 4-5, paragraph 10.

each succeeding January 1.¹⁶ As shown on the Supporting Schedules for this TRA Docket 14-00081, Atmos Energy requests an increase in rates in connection with the Petition of \$2,517,023.¹⁷

6. With respect to rate design, Atmos Energy states that its “current rate design apportions the [Utility’s] revenue requirement between a fixed charge and a volumetric rate for each customer class. Except for the proposed increases to both the monthly customer charge and the volumetric rate component, the [Utility] is proposing essentially the same rate design.”¹⁸ The Utility essentially proposes to “distribute the requested increase among the rate classes proportionate to the current margin of each class . . .”¹⁹

7. As to the timing of the Authority’s review of the potential rate increase, Atmos Energy asserts that “[u]pon a utility’s election to participate in the statutory annual rate review mechanism of subsection (d)(6), the statute provides in subsection (d)(6)(C) that the Authority ‘shall review the annual filing by the public utility within one hundred twenty (120) days of receipt and order the public utility to make the adjustments to its tariff rates to provide that the public utility earns the authorized return on equity established in the public utility’s most recent general rate case.’”²⁰

8. In this matter, the Consumer Advocate seeks to represent the interests of consumers served by Atmos Energy. The interests of consumers, including

¹⁶ Petition, page 4, paragraph 9.

¹⁷ See Pre-Filed Testimony of Patricia J. Childers on Behalf of Atmos Energy Corporation (“Childers Direct Testimony”), page 5, lines 19-23.

¹⁸ Childers Direct Testimony, page 6, lines 1-6.

¹⁹ Childers Direct Testimony, page 6, lines 7-12.

²⁰ Petition, page 3, paragraph 5.

without limitation the proposed increase in rates to be paid by the Utility's consumers beginning January 1, 2015 and the potential increases in rates every January 1 thereafter, may be affected by determinations and orders made by the Authority with respect to (i) the interpretation, application, and implementation of Tenn. Code Ann. § 65-5-103(d)(6) and other relevant statutory and regulatory provisions and (ii) the review and analysis of the Supporting Schedules and other documentation, financial spreadsheets, and materials provided by the Utility.

9. Only by participating in this proceeding can the Consumer Advocate work adequately to protect the interests of consumers.

WHEREFORE, Petitioner respectfully asks the Authority to grant this Petition to Intervene.

RESPECTFULLY SUBMITTED,



ROBERT E. COOPER, JR. (BPR #010934)
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Dated: Sept 10, 2014.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 10th day of Sept, 2014.



Wayne Irvin