

TENNESSEE REGULATORY AUTHORITY



502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

February 13, 2015

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

VIA E-MAIL and U.S. MAIL

RE: Docket No. 14-00146 – *Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism under T.C.A. 65-5-103(d)(6).*

Dear Mr. Ross:

To assist the Authority in its evaluation of the above-captioned *Petition* filed on November 25, 2014, it is requested that Atmos Energy Corporation provide responses to the attached TRA First Data Request.

It is requested that all responses be provided no later than 4:00 p.m., February 27, 2015. In accordance with TRA rules, submit either (1) original and thirteen written copies of your response or (1) original and four written copies and an electronic version. Should you have any questions or need clarification regarding any requested item, please contact me at (615) 770-6884.

Sincerely,

David Foster, Chief
Utilities Division

Attachment

cc: Docket File
Patricia Childers (via E-Mail)
Ellen T. Weaver, Esq. (via E-Mail)

TRA FIRST DATA REQUEST TO ATMOS ENERGY CORPORATION

INSTRUCTIONS

- ⇒The Tennessee Regulatory Authority ("TRA") requires an original and thirteen (13) copies of the filing (or an original and four (4) copies of electronic filings).
- ⇒A CD labeled for Staff's 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.

DATA REQUESTS

General:

1. Provide a copy of the latest KPMG Internal Audit Report for Atmos Energy.
2. Provide a Balance Sheet and Income Statement for Blueflame Insurance Services, LTD.
3. Provide a listing of the customer base of Blueflame Insurance Services.
4. Provide the latest budget of Blueflame Insurance Services. Provide all workpapers and schedules supporting this budget.
5. Does Atmos, any affiliate or any other company offer an insurance/protection plan to cover problems with customers' gas lines? If so, please provide a complete description of all plans available and 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 the Atmos' customer regarding such plans over the past twelve months. Please indicate

TRA FIRST DATA REQUEST TO ATMOS ENERGY CORPORATION

whether Atmos treats the revenue and expenses as regulated or unregulated activities and provide the amounts of revenues, expenses and investments for these plans for each of the past five years (please include the accounts such amounts are booked).

6. Complete the attached pro-forma schedules for the attrition period ending May 31, 2016. For each amount in the schedules provide a cite to the Company's workpapers documenting the amount.
7. Atmos witnesses Pat Childers and Greg Waller state throughout their respective testimonies that certain calculations and methodologies are consistent with those in Docket No. 12-00064. Since these methodologies were not adopted by the Authority in approving the Settlement between Atmos and the Consumer Advocate, is it Atmos' position that the Authority is bound by the methodologies Atmos alleges were used in Docket No. 12-00064? Please explain your answer.

Revenues:

8. Provide the methodology used to determine the fixed rate increase for each customer class.
9. Provide an updated "Historical Base Period and Forward Looking Test Period" file which includes the time period of July 2003 through June 2014 on the following sub files: customer counts, billed volumes, TNNs NDSL Detail (Confidential), TNTR TRNP Detail (Confidential), Economic 280 Detail Confidential, Cust Growth 210, 211 & 225, Cust Growth 220, 221 & 230C, 210, 211 & 225 Historical Bill and 220, 221 & 230C Historical Bill.
10. Provide three updates of the "Forward Looking YR Confidential" sub file, one using the three (3) year average, one using the five (5) year average and one using the ten (10) year average from the updated Cust Growth 210, 211 & 225 and Cust Growth 220, 221 & 230C sub files.
11. Provide a detailed written narrative explaining how all revenues for the Attrition Period were calculated referencing all supporting work papers and schedules.
12. Provide detailed calculations of all growth factors applied to the test period volumetric usage by the Company.
13. Provide a copy of all analysis performed of the sales volumes of the Company's largest customers as referenced by Ms. Childers on page 7 of her testimony.
14. Please provide a detailed analysis and explanation demonstrating how the two year average, as of June 2014, customer counts from MFR 1-18 are carried forward to the 12

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- month base counts on the 12 Months Ended June 14 Base Counts Listed on Schedules 11-1 and 11-2.
15. Provide a copy of the TN Gross Receipts Tax Return for the Taxable Period Beginning 7/1/13 Ending 6/30/14.
 16. Provide Forfeited discount amounts by month for the period of 10/2004 through 9/2014.
 17. Provide detailed calculations or cite the document containing the calculations for the "Bad Debt Percentage" of 0.5% listed on WP 4-3.
 18. Provide the detailed calculations or cite document containing the calculations for the "Total Operating Revenues" of \$150,583,201.15 listed on "Relied Upons" "Income Statement".
 19. Provide a copy of all special contracts or cite where they have been provided in this docket.
 20. Provide a reconciliation between the customer counts listed on MFR No. 1-18 and the TRA Monthly 3.03 Report customer counts for the following time periods: June 2012, October 2012, May 2013, June 2013, July 2013, August 2013, September 2013, October 2013, November 2013, December 2013, January 2014, February 2014, March 2014, April 2014, May 2014, June 2014, July 2014, August 2014 and September 2014.
 21. Provide a schedule of Other Revenues by month, by account from July 2003 through June 2014.
 22. Provide calculations of the heat factor regressions in the file "Historic Base Period and Forward Looking Test Year Billing Determinants (Confidential).xlsx" using 36 months of data. Provide an updated, working copy of the excel spreadsheet "Historic Base Period and Forward Looking Test Year Billing Determinants (Confidential).xlsx" with the new heat factor regressions. In the response, show the calculation of all parameters in the heat factor regressions and show data used in the regression analysis.

Expenses:

23. Refer to Exhibit GKW-1, WP 4.1. Please provide a reconciliation of the "Historic Base" amount with the "Attrition" amount for each O&M line item for Tennessee, SSU and General Office which shows all adjustments to the "Historic Base" amount that are needed to arrive at the "Attrition" amount for each O&M line item for Tennessee, SSU and General Office.

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24. Please provide a narrative explaining the forecasting methodologies, assumptions and reasons for each reconciliation adjustment between the “Historic Base” amount and the “Attrition” amount that is provided in response to Request No. 23, above.
25. Refer to Exhibit GKW-1, WP 4.1. Provide actual numbers used in arriving at all calculated amounts in each expense category as follows:
 - a. For each expense, provide a detailed calculation of each normalization adjustment used to arrive at normalized test year amounts;
 - b. For each normalizing adjustment, provide support for each growth factor used as well as a detailed narrative explaining the source of each sub account to be grown and normalized;
 - c. Provide a detailed calculation of the residual of each expense category excluding each normalizing adjustment; and
 - d. Provide/show how the residual is grown by the inflation factor to arrive at the attrition year adjustment.
26. Please refer to Attachment 1 to MRF No. 1-35. Please provide all calculations and documentation supporting the FY 15 Rates for Life Insurance, LTD, Hospitalization, FAS 106. Worker’s comp, and Worker’s comp SSU.
27. Please refer to Attachment 1 to MRF No. 1-35. Please provide all calculations and documentation supporting the Attrition Year labor/benefits capitalization rates for General Office (54.9%) and SSU (5.7%).
28. Please refer to the First Discovery Request No. 15 issued by the Consumer Advocate. For each Company 093 employee as of September 30, 2014, please provide the September 2014 rate for Life Insurance, LTD, Hospitalization and Worker’s compensation. Please provide premium notices and/or other documentation supporting the rates.
29. Please provide by FERC Account for Company 093 the total amount, capitalized amount, and expensed amount of Life Insurance, LTD, Hospitalization, FAS 106 and Worker’s Compensation for Fiscal Year Ended September 30, 2014. Please include all calculations and documentation supporting any amounts allocated to Company 093.
30. Please provide the following information for Company 093 for the 24 months ended September 2014:
 - a. Annual Revenues;
 - b. Annual Non-Gas Cost Revenues;
 - c. Non-Gas Cost Portion of Net Charge-offs; and
 - d. Non-Gas Charge-Offs as a Percentage of Total Non-Gas Revenues.
31. Provide a list of all organizations and amounts paid to each organization for the following Dues & Donations Accounts:
 - a. Membership Fees in Account No. 05415;

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- b. Club Dues-nondeductible in Account No. 05416;
 - c. Club Dues-Deductible in Account No. 05417;
 - d. Association Dues in Account No. 07510; and
 - e. Donations in Account No. 07520.
32. How many meters are currently active throughout Atmos serving area in the state of Tennessee? How many meters are currently being read by wireless technology and how many are being manually read? Please explain your answers.
33. Provide a schedule detailing the date the manually read meters will transition to wireless reading.
34. Provide the estimated cost savings that Atmos has achieved by year for transitioning to wireless reading technology (as opposed to manual reading) and the estimated savings for the next three years. Have these cost savings been included in the attrition year in Atmos' calculations? Please explain your answer.
35. MFR No. 39 identifies Account Numbers 04017, 04021 and 04040 as promotional marketing for SSU, General Office and Tennessee. Please provide the rationale for including promotional marketing expenses for ratemaking purposes.
36. Sub Account No. 05412 identifies Spousal and Dependent Travel for SSU, General Office and Tennessee. Please provide the rationale for including spousal and dependent travel expenses for ratemaking purposes.

Taxes:

37. Refer to Exhibit GKW-1. Provide a reconciliation between Schedule 5 and WP5-1.

Rate Base:

38. Provide a schedule comparing Atmos approved capital budgets with actual capital expenditures for the fiscal years ended September 30, 2011, 2012, 2013 and 2014.

Rate Design:

39. Provide a Fixed Variable Rate Design for all customer classes (i.e. fixed costs recovered from fixed rates). Provide all supporting work papers.

Atmos Energy Corporation
Revenue Deficiency (Surplus)
For the Twelve Months Ended May 31, 2016

<u>Line No.</u>		<u>Company</u>
1	Rate Base	
2	Operating Income at Present Rates	
3	Earned Rate of Return (L 2 / L 1)	#DIV/0!
4	Fair Rate of Return	
5	Required Operating Income (L 1 x L 4)	-
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	-
7	Gross Revenue Conversion Factor	<u>1.000000</u>
8	Revenue Deficiency (Surplus)	<u>-</u>

Atmos Energy Corporation
Rate Base
For the Twelve Months Ended May 31, 2016

Line No.		<u>Company</u>
1	Utility Plant in Service	
2	Construction Work in Progress	
3	Materials and Supplies / Storage Gas	
4	Working Capital/Deferred Rate Case	
5	Net Elimination of Intercompany Leased Property	
6	Deferred Pension Regulated Asset	
7	Total Additions	<u>-</u>
	Deductions:	
8	Accumulated Depreciation	
9	Customer Deposits	
10	Contributions and Advances in Aid of Construction	
11	Accumulated Deferred Tax-Accel. Depreciation	
12	Accrued Interest on Customer Deposits	
13	Total Deductions	<u>-</u>
14	Rate Base	<u>-</u>

Atmos Energy Corporation
Income Statement
For the Twelve Months Ended May 31, 2016

<u>Line No.</u>		<u>Company</u>
1	Revenues - Sales, forfeited discounts & other	
2	Cost of Gas	
3	Gross margin on sales and service	-
4	AFUDC	
5	Operating Margin	<u>#REF!</u>
6	Other Operation and Maintenance	
7	Interest on Customer Deposits	
8	Depreciation and Amortization Exp.	
9	Taxes Other Than Income	
10	State Excise Tax	
11	Federal Income Tax	
12	Total Operating Expense	-
13	Net Operating Income for Return	<u>#REF!</u>
14	Plus amortization-Gain	-
15	Plus adjustments	-
16	Adjusted Net Operating Income	<u>#REF!</u>

Atmos Energy Corporation
Operations and Maintenance Expenses
For the Twelve Months Ended May 31, 2016

<u>Line No.</u>		<u>Company</u>
1	Labor	
2	Benefits	
3	Employee Welfare	
4	Insurance	
5	Rent, Maint., & Utilities	
6	Vehicles & Equip	
7	Materials and Supplies	
8	Information Technologies	
9	Telecom	
10	Marketing	
11	Directors & Shareholders & PR	
12	Dues & Donations	
13	Print & Postage	
14	Travel & Entertainment	
15	Training	
16	Outside Services	
17	Provision for Bad Debt	
18	Miscellaneous	
19	Rate Case Expense	
20	Interest Expense	
21		
22		
23		
24		
25		
26		
27	Total O&M Expense	<u>-</u>

Atmos Energy Corporation
Operations and Maintenance Expense
For the Twelve Months Ended May 31, 2016

<u>Line No.</u>		<u>Company</u>
1	Property Taxes	
2	State Gross Receipts Tax	
3	Payroll Taxes	
4	State Franchise Tax	
5	Other General Taxes	
6	TRA Inspection Fee	
7	Total Taxes Other Than Income Taxes	<u>-</u>

Atmos Energy Corporation
Federal and Excise Taxes
For the Twelve Months Ended May 31, 2016

<u>Line No.</u>		<u>Company</u>
1	Operating Margin	-
2	Other Operation and Maintenance	-
3	Depreciation and Amortization Expense	-
4	Taxes Other Than Income	-
5	NOI Before Excise and Income Taxes	-
6	less Interest on Customer Deposits	-
7	less Interest Expense	-
8	Pre-tax Book Income	-
9	Schedule M Adjustments	-
10	Excise Taxable Income	-
11	Excise Tax Rate	-
12	Excise Tax	-
13	Pre-tax Book Income	-
14	Excise Tax	-
15	Schedule M Adjustments	-
16	FIT Taxable Income	-
17	FIT Rate	-
18	Subtotal FIT	-
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	-

Atmos Energy Corporation
Gross Revenue Conversion Factor
For the Twelve Months Ended May 31, 2016

Line No.		<u>Amount</u>		<u>Balance</u>
1	Operating Revenues			1.000000
2	Add: Forfeited Discounts	-	A/	<u>-</u>
3	Balance			1.000000
4	Uncollectible Ratio	-	B/	<u>-</u>
5	Balance			1.000000
6	State Excise Tax		C/	<u></u>
7	Balance			1.000000
8	Federal Income Tax		C/	<u>-</u>
9	Balance			<u>1.000000</u>
10	Revenue Conversion Factor (1 / Line 9)			<u><u>1.000000</u></u>

A/ Forfeited discounts on gross revenues = forfeited discounts/gross revenues (excluding forfeited discounts)

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate

Atmos Energy Corporation
Cost of Capital

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt			0.0%
2	Long Term Debt			0.0%
3	Preferred Stock			
4	Stockholder's Equity			0.0%
5	Total	0.00% A/		0.0%

A/ Should be 100%