

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

IN RE:

ATMOS ENERGY CORPORATION)	
GENERAL RATE CASE AND PETITION)	
TO ADOPT ANNUAL REVIEW)	Docket No. 14-00146
MECHANISM AND ARM TARIFF)	
)	

**FIRST DISCOVERY REQUESTS OF ATMOS ENERGY CORPORATION TO
CONSUMER ADVOCATE AND PROTECTION DIVISION**

TO: Wayne M. Irvin
Asst. Attorney General
Consumer Advocate and Protection Division
P. O. Box 20207
Nashville, TN 37202-0207

1. Produce all documents that have been identified in these responses, or upon which you relied in responding to these requests.

RESPONSE:

2. Provide computer files containing all documentation, workpapers, and calculations supporting the Consumer Advocate and Protection Division's pre-filed testimony. The workpapers and calculations should be in Excel working format with numbers, formulas and linked files provided.

RESPONSE:

3. Produce all documents generated by each of your witnesses pertaining to this matter, including without limitation all notes, reports, correspondence, e-mails, work-papers, spreadsheets, calculations and the like. The work-papers and calculations should be produced in Excel working format with numbers, formulas and linked files provided.

RESPONSE:

4. Produce all documents that have been referenced or relied upon by each of your witnesses in this matter.

RESPONSE:

5. Produce all hearing exhibits and other documents that you plan to introduce, use, or reference at the hearing on the merits in this matter.

RESPONSE:

6. Identify each person who you expect to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness:

- a. Provide a complete educational, professional and employment history. Include in your response a complete disclosure of all aspects of the expert's education and employment background that you contend qualify the witness to render expert testimony on the issues on which he will testify in this case. Please be sure to include the date(s) applicable to each entry;
- b. Separately for each expert witness, list each published scholarly work (article, book chapter, book, etc.) that the witness has authored or co-authored. Provide a citation to the work that includes the title, date, and publication.
- c. Identify each matter in which the expert has testified or submitted pre-filed written testimony on any subject about which he intends to offer

expert testimony in this case. For each matter, provide the name, docket number, forum, dates of testimony, whether the testimony was live or written, and the subjects on which the expert offered testimony in the case. Produce a copy of all such testimony (in electronic form if available).

- d. Produce each expert's entire file in this case, including all work papers, drafts, correspondence, spreadsheets, documents collected, summaries, charts, trade articles, journals, treatises, publications, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or produced by the expert witness in this matter. Where available, please provide working Excel files (or other data file types if applicable).
- e. State the hourly rate and other terms of the financial compensation arrangements that have been made with each expert, the total amount earned as of the date of your response, and the total amount paid, also as of the date of your response. Produce the engagement letter or other agreement(s) with each expert reflecting his retention and the terms of his compensation.

RESPONSE:

7. Separately for each of the MFR data requests, the data requests served by TRA Staff, and the data requests served by CAPD, provide a narrative description of how CAPD utilized the data or documents provided by Atmos in response to the data request.

RESPONSE:

8. Set forth verbatim all data requests that CAPD contends should be answered in connection with an annual ARM filing. Separately for each such data request, explain why Atmos should be required to provide the particular data and documents requested, and describe precisely how the CAPD would utilize the data or documents requested.

RESPONSE:

9. Separately for each matter in which William H. Novak has provided testimony on behalf of CAPD within the last ten (10) years, provide the style of the case, the docket number, and state the total dollar amount of the compensation (excluding out of pocket expense reimbursements) paid to Mr. Novak in the matter.

RESPONSE:

10. Admit that the CWIP balance, at any point in time, represents money spent by a Company that, upon being completed and deemed used and useful, will be put into service and accounted for as plant in service. If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

11. Please explain your understanding of how the Company's Gross Receipts Taxes due (a component of Taxes, Other than Income Taxes) is calculated and recorded in the Company's books and records.

RESPONSE:

12. Admit that if a Company's ad valorem tax rate remains constant while its gross plant balance grows, it is reasonable to assume that future ad valorem taxes due will be higher than prior periods' ad valorem taxes due. If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

13. Admit that in Docket No. 09-00183, Chattanooga Gas Company (“CGC”) for their forecast of Utility Plant in Service (UPIS) and Construction Work in Progress, states as follows: “The estimated average balance of utility plant in service for the attrition period of \$198,761,734 was calculated starting with the actual balance as of June 30, 2009. This balance was then projected through the end of the attrition period by adding estimated plant additions and subtracting estimated plant retirements. The additions for the month July 2009 through December 2009 are based on the Company’s capital forecast for the remainder of 2009. Additions for January 2010 through December are based on the Company’s preliminary budget for 2010. Additions for January 2011 through April 2011 are based on a forecast specifically prepared for this proceeding. . . .”¹ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

14. Admit that in Docket No. 09-00183, “[t]he Consumer Advocate forecasted Plant in Service by using actual plant balances as of December 31, 2009. Forecasted plant additions and retirements, which were provided by CGC, were then added to actual balances at December 31, 2009 to arrive at monthly Plant in Service amounts through April 20, 2011. A thirteen month Plant in Service average was calculated in the amount of \$202,717,046. CGC has forecasted \$198,761,734 for Plant in Service.”² If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

¹ Docket No. 09-00183, Direct Testimony of Ronald Hanson, 11/6/09, p. 24.

² Docket No. 09-00183, Direct Testimony of Terry Buckner, 3/10/10, p. 17.

15. Admit that the Final Order for Docket No. 09-00183 states that “UPIS and CWIP [Construction Work in Progress] were calculated by both parties by taking the balance at December 21, 2009, adding budgeted plant additions and retirements by month including the allocated plant of 3.12% from the parent company through April 30, 2011. The Company and the Consumer Advocate both calculated the average projected thirteen months balances for the period ending April 11, 2011 to arrive at UPIS and CWIP for the attrition period. The Company and Consumer Advocate agreed upon a net amount of \$202,597,956 for UPIS and CWIP. The panel voted unanimously to adopt the agreed-upon UPIS and CWIP of \$202,527,956 for the attrition year ending April 30, 2011, based upon the determination of the booked amounts in this case and upon finding this amount is reasonable.”³ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

16. Admit that according to Piedmont Natural Gas Company’s (“PNGC”) previous rate filing, “the starting point for developing [their] rate base [was] the May 31, 2011 per books balances in Plant in Service, Construction Work in Progress, Accumulated Depreciation, and Accumulated Deferred Income Taxes (“ADIT”) applicable to Tennessee. [Piedmont] then added to these balances the monthly construction budget projected additions and retirements for the remainder of fiscal years 2011 and 2012 and the projected 2013 fiscal year construction budget to project the balances for these items through February 28, 2013. A 13-month average was then calculated for the attrition period.”⁴ If your response is anything other than an unqualified admission, explain your position.

³ Docket 09-00183, Order, Tennessee Regulatory Authority, p. 34-35.

⁴ Docket No. 11-00144, Direct Testimony of David R. Carpenter, 9/02/11, p. 8-9.

- a. Admit that Piedmont's Calculation of UPIS during the attrition year using their methodology was \$713,852,981.⁵ If your response is anything other than an unqualified admission, explain your position.
- b. Admit that the CAPD's Calculation of Piedmont's UPIS for the attrition year was also \$713,852,981.⁶ If your response is anything other than an unqualified admission, explain your position.
- c. Admit that the Order approving the Settlement Agreement in the Piedmont case listed the attrition year UPIS amount as \$713,852,981.⁷ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

17. Admit that, in the most recent Tennessee American Water Company ("TAWC") rate case, TAWC's calculation of attrition year "UPIS includes the original cost of all land, land rights, easements, structures and improvements, together with equipment in service at December 31, 2011. The Utility Plant balance was calculated through November 30, 2013, by adding net additions and retirements through the end of the attrition period. The 13 month average of the Utility Plant balances from November 1, 2012 through November 30, 2013 was calculated to arrive at the utility plant balance for the attrition period."⁸ If your response is anything other than an unqualified admission, explain your position.

- a. Admit that the Tennessee American Water Company's Attrition year UPIS calculation was \$250,455,533.⁹ If your response is anything other than an unqualified admission, explain your position.
- b. Admit that, in their settlement agreement, the CAPD and Tennessee American Water Company agreed on an attrition year UPIS settlement amount of

⁵ Docket No. 11-00144, Direct Testimony of Pia Powers, Exhibit (PKP-1) Schedule 3, Page 1, Line 17.

⁶ Docket No. 11-00144, Consumer Advocate Exhibit, Schedule 2, Line 1, 12/6/11. Listed within Direct Testimony of Dave Peters.

⁷ Docket No. 11-00144, Order Approving Settlement Agreement, Settlement Attachment A, Schedule 2, Line 1.

⁸ Docket 12-00049, Direct Testimony of Linda Bridwell, 6/6/12, p. 39.

⁹ Docket No. 12-00049, Stipulation and Settlement Agreement, 10/1/12, Exhibit Schedule 3

\$250,455,533.¹⁰ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

18. Admit that, in this rate case with Atmos, in contrast to Docket Nos. 09-00189, 11-00144 and 12-00049, “[t]o compute attrition year Utility Plant in Service, the CAPD began with the test period balance for each of Atmos’s Tennessee allocated divisions and then increased this amount by the four year average of historical normal plant additions. [The Consumer Advocate] then added the CAPD adjusted attrition year special projects to this amount to get our forecast of the attrition year Utility Plant in Service.”¹¹ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

19. Admit that that the CAPD determined Attrition Year UPIS for Atmos in this case using a different method than it utilized for Attrition Year UPIS for PNGC in Docket No. 11-00144 and for Attrition Year UPIS for CGC in Docket No. 09-00183. If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

20. Please provide all analyses, studies, rationale, and substantive evidence relied upon by Mr. Novak in his decision to use a period of *four* years as the average in his calculations of Plant in Service.

RESPONSE:

¹⁰ Docket No. 12-00049, Stipulation and Settlement Agreement, 10/1/12, Exhibit Schedule 3

¹¹ Docket No. 12-00064, Direct Testimony of Hal Novak, 10/5/12, p. 9.

21. Admit that on Workpaper RB-11-1.00 Mr. Novak's projected additions amount for Company's Division 093 FY15 period is \$16,617,774. If your response is anything other than an unqualified admission, explain your position.

- a. Admit that in the relied upon file provided to Mr. Novak labeled "KMD FY15 CapEx Projected Budget Final" the Company's Division 093 capital budget is in the amount of \$27,947,356. If your response is anything other than an unqualified admission, explain your position.
- b. Admit that this is a difference of \$11,329,582. If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

22. Admit that, according to Mr. Novak's historical average methodology, Mr. Novak believes the Company will only add approximately \$22,311,632 to its UPIS balance (Account 101) for Division 093 (Tennessee) for the period of the ending balance of September 2014 through May 2016. If your response is anything other than an unqualified admission, explain your position.

- a. Admit that, in contrast, the Company projects its UPIS balance (Account 101) increasing by approximately \$37,329,176 for Division 093 (Tennessee) during that same time period. If your response is anything other than an unqualified admission, explain your position.
- b. If admitted, please also admit that this is a difference of approximately \$15,017,544. If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

23. Admit that the four adjustments to Normal additions on RB-11-1.02A, adjusted as a result of Mr. Novak believing these adjustments were “incorrectly categorized Special Projects,” were not then added into the Special Project calculations on RB-11-1.03. If your response is anything other than an unqualified admission, explain your position.

- a. If admitted, why does Mr. Novak not include these projects in his “Special Projects” calculation on RB-11-1.03?
- b. Admit that the dollars of these four adjustments are not included anywhere in Mr. Novak’s calculations of UPIS historical average run rate, other than to remove these amounts in their entirety from the calculation. If your response is anything other than an unqualified admission, explain your position.
- c. Admit that Mr. Novak also adjusted any retirements in his Division 093 UPIS calculations in relation to his four adjustments to Normal additions on RB-11-1.02A. If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

24. Admit that the dollars of the four adjustments to Normal additions on RB-11-1.02A are investment dollars that the Company has directly invested in Tennessee (Division 093). If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

25. Please provide all workpapers, analyses and relevant orders that would allow Mr. Novak to make a determination that “Company incorrectly categorized Special projects for the test period resulting in an overstatement of Normal Projects”¹² in making his four adjustments to Normal additions on RB-11-1.02A.

¹² Docket No. 14-00146, Hal Novak Workpapers, RB-11-1.02A

RESPONSE:

26. Please explain the criteria used by the CAPD to distinguish normal projects and special projects that have been included in UPIS calculations from those which the CAPD believes should not be included in UPIS calculations.

RESPONSE:

27. Admit that, in *South Central Bell Telephone Co. v. Tennessee Public Service Commission*, 579 S.W.2d 429 (TN. Ct. of App. 1979), the Court stated that the “estimated effect of reasonably expected increases in expenses and investment should be taken into consideration in the establishment of a rate structure in the future.” If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

28. Admit that in *In re United Telephone – Southeast Inc.* (Docket Nos. 93-04818, 94-00388, 94-04818, 158 PUR4th 297, Tennessee Public Service Commission, 12/30/94), the Tennessee Public Service Commission held: “[i]f the Commission ignored the stipulated 1994 forecast, it is failing to take into account known and reasonably anticipated changes as required by Tennessee law,” citing *South Central Bell Telephone Co. v. Tennessee Public Service Commission*, 579 S.W.2d 429 (TN. Ct. of App. 1979). If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

29. Please provide a detailed narrative (and provide all supporting analysis work papers) sufficient to fully describe, document and support Mr. Klein's methodology for arriving at the Company's capital structure (describe each separately: STD, LTD and Equity components) and cost of STD.

RESPONSE:

30. Please provide a detailed narrative and provide all supporting analysis work papers to describe, document and support Mr. Novak's methodology for normalizing the amount of storage gas allocated to Tennessee (Novak testimony at page 18 lines 15-16).

RESPONSE:

31. Admit that in testimony presented on behalf of the CAPD in Docket 10-00189, Mr. Novak testified that "[t]he TRA has long recognized a causal relationship between weather and sales for gas utilities. As shown in the table below, the weather normalization correlation averages from the last rate cases for the major gas utilities under the TRA's jurisdiction are 96.63%, 97.72% and 97.46%. These superior correlation factors indicate a strong causal link between gas sales and weather."¹³ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

¹³ Docket No. 10-00189, Direct Testimony of William H. Novak, p. 13.

32. Admit that in Docket No. 09-00183, the CAPD opposed the elimination of the WNA.¹⁴ If your response is anything other than an unqualified admission, explain your position.

RESPONSE:

33. Please explain the inconsistency between the growth percentage calculation in cell F15 and cell F32 on CAPD WP E-1.5.

RESPONSE:

34. All gross expenses in Shared Services Division 002 have associated capitalization credits that flow through account 9200 sub-account 04863. In reference to CAPD WP E-0-1.0 ALL DIVISIONS DISALLOWED EXPENSES please explain if the capitalization credits associated with the disallowances were also removed from Division 002, and if not please explain why.

RESPONSE:

35. Page 10 of Mr. Novak's testimony lines 17 -19 states that "[t]he three year growth factor was used because I felt that this rate was most representative of what was likely to occur through the attrition year." Please provide all rationale, analyses, and other evidence supporting your contention that the 3-year growth rate for the O&M Labor expense is most representative of the attrition year.

RESPONSE:

¹⁴ See Docket No. 09-00183, Response of the CAD to the Motion of CGC to extend the Usage Adjustment And Conservation Programs Approved By The Authority, 3/3/13; *see also* Direct Testimony of David Dismukes, 3/10/10, pp. 32-91; CAD's Post Hearing Brief, 3/7/10, pp. 57-90.

36. Page 11 of Mr. Novak's testimony lines 16 -18 states that "[t]he three year growth factor was used because I felt that this rate was most representative of what was likely to occur through the attrition year." Please provide all rationale, analyses, and other evidence supporting your contention that the 3-year growth rate for the O&M non-Labor expense is most representative of the attrition year.

RESPONSE:

37. In reference to CAPD Exhibit Schedule 7 column B line 6, please explain the calculation behind the amount of \$10,665,486 that is represented as Operation & Maintenance - Labor. The source reference for that column is Company Exhibit Schedule 10 which shows a total Operation and Maintenance expense of \$20,016,504.

RESPONSE:

38. In reference to CAPD Exhibit Schedule 7 column B line 7, please explain the calculation behind the amount of \$9,351,018 that is represented as Operation & Maintenance – Non-Labor. The source reference for that column is Company Exhibit Schedule 10 which shows a total Operation and Maintenance expense of \$20,016,504.

RESPONSE:

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #15634
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 13th day of April, 2015.

<input type="checkbox"/> Hand	Wayne M. Irvin
<input type="checkbox"/> Mail	Asst. Attorney General
<input type="checkbox"/> Fax	Consumer Advocate and Protection Division
<input type="checkbox"/> Fed. Ex.	P. O. Box 20207
<input checked="" type="checkbox"/> E-Mail	Nashville, TN 37202-0207

