

TENNESSEE REGULATORY AUTHORITY



502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

April 21, 2015

Wayne M. Irvin
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207

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. Irvin:

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

It is requested that all responses be provided no later than 4:00 p.m., April 29, 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
A. Scott Ross, Esq. (via E-Mail)
Patricia Childers (via E-Mail)
Ellen T. Weaver, Esq. (via E-Mail)

**TRA FIRST DATA REQUEST TO CONSUMER ADVOCATE AND PROTECTION
DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL**

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. Did CAPD include or impute any income or loss generated from BlueFlame Insurance Services into the Revenue Deficiency (Surplus) calculated for Atmos Energy? If so, please provide CAPD’s justification for such inclusion or imputation and cite the schedule and workpaper containing the amount and supporting calculations. If not, please provide CAPD’s justification for not including.
2. Complete the attached pro-forma schedules for the attrition period ending May 31, 2016. The amounts contained in the schedules should be inclusive of the adjustments as referenced in Atmos response to CAPD DR No. 1-058. For each amount in the schedules provide workpapers or a cite to CAPD’s existing workpapers supporting the amounts.
3. What witness will be providing testimony supporting the workpapers of Alex Bradley?

**TRA FIRST DATA REQUEST TO CONSUMER ADVOCATE AND PROTESTION
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4. In the CAPD's Motion filed 4/21/15 it is stated "His supplemental testimony would explain the terms of the Agreement between the parties regarding ADIT and NOLCs and support the Consumer Advocate's position on ADIT and NOLCs in this Docket. Since the TRA's Order has ordered on several occasions that no methodologies were adopted in approving the Settlement between Atmos and the Consumer Advocate, is it CAPD's position that the Authority is bound by the methodologies CAPD alleges were used in Docket No. 12-00064? Please explain your answer.

REVENUES

5. Provide a cite to the Workpaper supporting the calculations (sales volumes for added customers) as referenced in the testimony of William H. Novak, page 8, lines 3 through 6.
6. Please reference Workpaper R-96-1.00 and the amount of \$766,548 for Forfeited Discounts. Please provide the cite containing the calculations and supporting this amount.
7. Please reference Workpaper R-96-2.00. Provide the narrative, containing the cite, for footnote notations B/ and C/.

Expenses:

8. Provide a written narrative explaining the calculations and resulting \$11,560,068 depreciation expense for the attrition period ending May 31, 2016.
9. Did CAPD include any rate case expense for the attrition period ending May 31, 2016? If so, what amount and explain in detail how this was calculated and why it was included. If not, please explain why no amount was included.

Rate Base:

10. Provide a written narrative explaining the calculations and resulting \$3,632,272 Customer Deposits for the attrition period ending May 31, 2016.
11. Provide a written narrative explaining the calculations and resulting \$50,578 Interest on Customer Deposits for the attrition period ending May 31, 2016.

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12. Provide a written narrative explaining the calculations and resulting \$1,456,808 State Excise taxes for the attrition period ending May 31, 2016.
13. Provide a written narrative explaining the calculations and resulting \$7,334,466 Federal Income taxes for the attrition period ending May 31, 2016.
14. Provide a written narrative explaining the calculations and resulting 1.620886 Revenue Conversion Factor used in the CAPD's calculated overearnings of Atmos.
15. Would it be feasible to implement a tracker (with a true-up) rather than disallowing NOLC offsets as proposed by CAPD? Please explain your response.

Rate Design:

16. Does CAPD have a specific dollar value rate design as referenced on page 9 of the testimony of Mr. Novak?

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

Line No.		<u>CAPD</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.		CAPD
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

Line No.		CAPD
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

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

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

Line No.		CAPD
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/	-
3	Balance		1.000000
4	Uncollectible Ratio	- B/	-
5	Balance		1.000000
6	State Excise Tax	C/	
7	Balance		1.000000
8	Federal Income Tax	C/	-
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%