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**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)	

**JOINT RESPONSE TO TRA FIRST DATA REQUEST TO ATMOS ENERGY
CORPORATION AND CONSUMER ADVOCATE AND PROTECTION DIVISION OF
THE OFFICE OF THE ATTORNEY GENERAL**

DATA REQUEST 1:

Provide the current amount an average residential customer pays per month and per year.

RESPONSE:

The average residential customer currently pays \$662.46 per year (\$55.20 per month) including gas cost. This is consistent with the Company's response to MFR 23.

DATA REQUEST 2:

Provide the amount an average residential customer would have paid per month and per year if the original Petition requesting \$5.89 million had been approved.

RESPONSE:

The average residential customer would pay \$687.53 per year (\$57.29 per month) including gas cost under the original Petition. This is consistent with the Company's response to MFR 23.

DATA REQUEST 3:

Provide the amount an average residential customer will pay per month and per year if the Stipulation and Settlement Agreement is approved.

RESPONSE:

The average residential customer would pay \$665.49 per year (\$55.46 per month) including gas cost if the Stipulation and Settlement agreement is approved.

DATA REQUEST 4:

Please reconcile the Rate Base Amount of \$247,923,553 listed in the Stipulation and Settlement Agreement on page 4, paragraph 11b and the Rate Base Amount of \$247,958,276 listed on Attachment A, Schedule 7, Line 29 for the attrition period.

RESPONSE:

The Rate Base amount listed on Attachment A, Schedule 7, line 29, \$247,958,276, is the correct amount. The Parties apologize for the error on page 4 of the Stipulation and Settlement Agreement.

DATA REQUEST 5:

Please reference WP 4-3. The Company included the gas cost portion of bad debt expense in this rate case. Please explain whether the Company will also seek to recover the gas cost portion of bad debt expense through the ACA mechanism.

RESPONSE:

Workpaper 4-3 reflects the bad debt expense calculation included in O&M as a percentage of gross margin and excludes gas cost. The gas cost portion of bad debt expense will continue to be recovered through the Purchase Gas Adjustment (PGA).

DATA REQUEST 6:

Paragraph 13.j.(iii) of the Stipulation and Settlement Agreement provides in part:

Following any appropriate discovery and rebuttal, and conditioned upon approval by the TRA of new rates, the Company shall calculate depreciation expenses using the newly approved rates in its subsequent Annual ARM Filing.

Atmos' proposed ARM Tariff submitted with the Stipulation and Settlement Agreement, however, provides on Original Sheet No. 34.5 under Section B.b:

Depreciation expenses shall reflect the depreciation rates approved by the Authority in the Company's most recent general rate case. If and when the Company performs a new depreciation study, the new study will be filed with the Authority, and updated depreciation rates will be utilized in the next annual review under this tariff.

It appears that language regarding TRA approval of depreciation rates differs between the Stipulation and Settlement Agreement and the proposed ARM tariff. Please confirm whether it is the intention of the parties that the tariff language be consistent with the Stipulation and Settlement Agreement and that TRA approval of depreciation rates is required before inclusion in the ARM. If so, please submit a revised tariff with language conforming to the Stipulation and Settlement Agreement.

RESPONSE:

The Parties intend for the language in the ARM tariff to be consistent with the Stipulation and Settlement Agreement and apologize for any confusion. The Company advises the Authority that its accounting controls allow implementation of new depreciation rates only following Authority approval. The proposed ARM tariff language has been revised to track the language from the Stipulation and Settlement Agreement. A revised page 34.5 of the ARM tariff is attached.

DATA REQUEST 7:

Please provide a timeline showing all filings contemplated by the Stipulation and Settlement Agreement and ARM tariff beginning with the proposed initial filing and the following three years.

RESPONSE:

The Stipulation and Settlement Agreement and ARM Tariff specify 2 filings per year in order to normalize the level of analysis and workload for all parties across each year. The timeline for the next 3 years is as follows:

February 1, 2016	ARM filing for Forward Looking Test Year June 2016 – May 2017
June 1, 2016	New rates implemented for June 1, 2016 through May 31, 2017
September 1, 2016	Reconciliation Filing for year ended May 31, 2016
February 1, 2017	ARM filing for Forward Looking Test Year June 2017 – May 2018 (including Reconciliation Revenue Requirement from 9/1/16 filing)
June 1, 2017	New rates implemented for June 1, 2017 through May 31, 2018
September 1, 2017	Reconciliation Filing for year ended May 31, 2017
February 1, 2018	ARM filing for Forward Looking Test Year June 2018 – May 2019 (including Reconciliation Revenue Requirement from 9/1/17 filing)
June 1, 2018	New rates implemented for June 1, 2018 through May 31, 2019
September 1, 2018	Reconciliation Filing for year ended May 31, 2018
February 1, 2019	ARM filing for Forward Looking Test Year June 2019 – May 2020 (including Reconciliation Revenue Requirement from 9/1/18 filing)
June 1, 2019	New rates implemented for June 1, 2019 through May 31, 2020

DATA REQUEST 8:

The Settlement and ARM tariff provide for an Annual Reconciliation of actual results to the Authorized Return on Equity for the Forward Looking Test Year immediately completed to be filed on or before September 1 of each year with resulting rates to be effective on and after June 1 of each following year. When will the rates resulting from each year's Annual Reconciliation terminate?

RESPONSE:

The rates from each year's Annual Reconciliation will terminate one year later when the Company implements new ARM rates (including the subsequent year's Reconciliation) each June 1st.

DATA REQUEST 9:

Please confirm that the language found in Paragraph 16 of the Stipulation and Settlement Agreement is not intended to create, expand or limit any portion of Tenn. Code Ann. Section 65-5-103(d).

RESPONSE:

Confirmed.

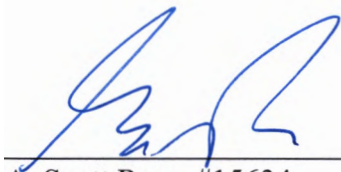
DATA REQUEST 10:

Please confirm that nothing in the Stipulation and Settlement Agreement or the ARM tariff is intended to limit the general rate-setting powers and discretion of the Authority to investigate, review and adjust the rates requested by the annual ARM filings.

RESPONSE:

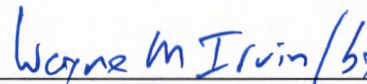
Confirmed.

ATMOS ENERGY CORPORATION



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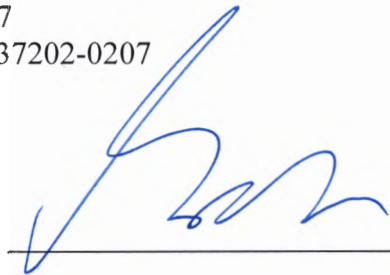
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PROTECTION DIVISION


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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 1st day of May, 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



B. Revenue Requirements. In presenting data that demonstrates the Forward Looking Test Year revenue requirements:

- a. Rate Base and Cash Working Capital requirements will be determined in accordance with the Approved Methodologies. The Company will use the factors derived from the Lead/Lag study performed in its most recent general rate case in calculating cash working capital requirements.
- b. Depreciation expenses shall reflect the depreciation rates approved by the Authority in the Company's most recent general rate case. If and when the Company performs a new depreciation study, the new study will be filed with the Authority. Following any appropriate discovery and rebuttal, and conditioned upon approval by the Authority of new rates, the Company shall calculate depreciation expenses using the newly approved rates in its subsequent Annual ARM Filing.
- c. Forward Looking Test Year Operating Expenses (O&M, Taxes other than Income Taxes, and Income Taxes) will be projected using the Approved Methodologies.
- d. The Historic Base Period data shall include actual revenues by billing component, and the Forward Looking Test Year data shall reflect adjustments to forecast revenue billing determinants based on the revenue forecasting methodologies included in the Approved Methodologies for projecting the number of customers and average customer use.
- e. Cost of Capital will be calculated using the Authorized Return on Equity. The Company's cost of debt and capital structure will be calculated using the Approved Methodologies.
- f. Schedules filed pursuant to this mechanism shall utilize the Approved Methodologies as well as other adjustments required to account properly for atypical, unusual, or nonrecurring events.

C. New Matters. If New Matters arise, the Company, TRA Staff, and the Consumer Advocate will endeavor to reach a resolved treatment, or if necessary, will seek a ruling from the Authority.

V. Attestation

With each Annual ARM Filing, a Company officer shall, as of the date of each Annual ARM Filing, affirmatively represent and warrant, upon information and belief formed after reasonable inquiry, by signing a certificate ("Certificate") under oath: (1) That the Company's Annual ARM Filing has been prepared in accordance with the Approved Methodologies, or that any deviation from or the resolution of any ambiguities in the Approved Methodologies has been affirmatively disclosed and explained in a document attached to such affidavit; (2) That all New Matters have been affirmatively disclosed and explained in a document attached to such affidavit; (3) That the Variance Report (as defined in section IX) includes all matters that are required; (4) That no Disallowed Items have been included in the Company's Annual ARM Filing; (5) That, except as expressly disclosed in a separate schedule dedicated to such disclosure, there have been no additions, deletions, or modifications to the accounts or subaccounts used by the Company as such accounts have been provided to the Authority and Consumer Advocate; (6) That there has been no change in the method of accounting or estimation in any account or subaccount referenced and described in the immediately preceding subsection (5).