

**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 |) | |

**NOTICE OF FILING RESPONSES TO CONSUMER ADVOCATE'S
INFORMAL DISCOVERY REQUEST SET NUMBER 1**

In addition to its formal discovery requests, filed in this docket on January 8, 2015, the Consumer Advocate has served four sets of informal discovery requests. On January 29, 2015, Atmos Energy served responses to the set that the Consumer Advocate designated informal set Number 1. Atmos now files those responses, which it has numbered DR 1-52 through DR 1-58. The complete responses are attached in PDF format. There were no Excel spreadsheets served with this particular set of discovery responses.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 


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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 29th day of January, 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 |



Docket No. 14-00146
Atmos Energy Corporation, Tennessee Division
CAPD Informal DR Set No. 1 Informal
Question No. 1-52 (1-01 Informal)
Page 1 of 10

REQUEST:

Refer to the Company's response to MFR #51 in both the 2012 and 2014 rate cases. Specifically refer to the **normal additions** for the overlapping periods (October 2011 through March 2012).

Total normal additions from this time period show the following by month:

| | 2012 Case | 2014 Case | Difference |
|--------------|------------------|------------------|-------------------|
| October 2011 | \$640,924 | 640,921 | 2 |
| November | 709,348 | 755,337 | -45,989 |
| December | 1,099,830 | 1,181,575 | -81,746 |
| January 2012 | 795,615 | 918,678 | -123,063 |
| February | 1,049,338 | 1,107,129 | -57,791 |
| March | 1,119,943 | 1,121,522 | -1,579 |
| Total | 5,414,998 | 5,725,163 | -310,166 |

Next refer to the Company's response to MFR #51 in both the 2012 and 2014 rate cases. Specifically refer to the **special project additions** for the overlapping periods (October 2011 through March 2012).

Total special project additions from this time period show the following by month:

| | 2012 Case | 2014 Case | Difference |
|--------------|------------------|------------------|-------------------|
| October 2011 | -\$33 | -31 | -2 |
| November | -172,737 | -218,726 | 45,989 |
| December | 101,251 | 19,505 | 81,746 |
| January 2012 | 144,362 | 21,299 | 123,063 |
| February | 779,935 | 722,144 | 57,791 |
| March | 1,606 | 26 | 1,579 |
| Total | 854,384 | 544,218 | 310,166 |

Note that the difference between Normal Plant Additions and Special Project Plant Additions are equal. Therefore, it appears that there has been a change in the classification methodology for special projects between the 2012 and 2014 cases.

Please explain and reconcile the differences in classification methodologies between these two schedules.

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RESPONSE:

The fact that the difference of \$310,166 is identical for both normal and special additions indicates that the difference is due to a project or group of projects being categorized differently in 2012 versus the current docket. The Company is unable to replicate the categorization reflected in its 2012 response and is therefore unable to identify the project or projects that were categorized differently. Please see the Company's response to CAPD DR No. 1-056 for a description of the methodology used to categorize projects in the current docket.

Respondent: Greg Waller

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CAPD Informal DR Set No. 1
Question No. 1-53 (1-02 Informal)
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REQUEST:

Refer to the Company's response to MFR #51 in both the 2012 and 2014 rate cases. Specifically refer to the retirements for the overlapping periods (October 2011 through March 2012). Total retirements from this time period show the following by month:

| | 2012 Case | 2014 Case | Difference |
|--------------|------------------|------------------|-------------------|
| October 2011 | -135,277 | -135,277 | 0 |
| November | -75,036 | -75,036 | 0 |
| December | 0 | -29,502 | 29,502 |
| January 2012 | -29,502 | -38,858 | 9,356 |
| February | -38,858 | -387,708 | 348,850 |
| March | -387,708 | -89,353 | -298,355 |
| Total | | | |

Note that there appears to be a one-month lag in retirements between the 2012 case and the 2014 case (eg. \$38,858 retirement in February 2012 for the 2012 case vs. \$38,858 retirement in January 2012 for the 2014 case.)

Please explain and reconcile the differences in reporting methodologies between these two schedules.

RESPONSE:

The retirements for the period October 2011 through March 2012 as shown in the Company's responses to MFR No. 1-51 in the 2012 rate case and the 2014 rate case are the same. If Attachment 1 to the Company's response to MFR 1-51 in the 2014 rate case is filtered by Excel column H for "201112" for December 2011, there are no retirements listed, only additions. If the table in this request is corrected to show "0" for December 2011 in the 2014 rate case, there are no differences.

| | 2012 Case | 2014 Case | Difference |
|--------------|------------------|------------------|-------------------|
| October 2011 | -135,277 | -135,277 | 0 |
| November | -75,036 | -75,036 | 0 |
| December | 0 | 0 | 0 |
| January 2012 | -29,502 | -29,502 | 0 |
| February | -38,858 | -38,858 | 0 |
| March | -387,708 | -387,708 | 0 |
| Total | | | |

Respondent: Jason Schneider

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CAPD Informal DR Set No. 1
Question No. 1-54 (1-03 Informal)
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REQUEST:

Refer to the Company's response to MFR #51 in the 2014 rate case. Provide an explanation of the purpose of the AIC spreadsheet included in this response since it was not included in the 2012 rate case. Specifically, what do the amounts on this spreadsheet represent, and are these amounts already included in the Project Detail tab of this same spreadsheet?

RESPONSE:

Aid in Construction (AIC) and Contributions in Aid of Construction (CIAC) are the same thing. In the Company's response to MFR No. 51 in the 2014 rate case, the Company showed this aid in a separate tab labeled "AIC". In the Company's response to MFR No. 51 in the 2012 rate case, the Company listed this aid on Excel line 39 under "CIAC". The amounts are identical, as listed below.

| | |
|--------|-------------|
| 201110 | -5,014.48 |
| 201111 | -24,339.61 |
| 201112 | -38,797.48 |
| 201201 | -18,492.60 |
| 201202 | -23,953.02 |
| 201203 | -677,244.74 |

Respondent: Jason Schneider

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Question No. 1-55 (1-04 Informal)
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REQUEST:

Refer to the Company's response to MFR #51 in the 2014 rate case. Specifically refer to MFR #51c which requests the monthly CIAOC for the last 3 fiscal years. Please provide the CIAOC data requested since it was not included in the Company's original response.

RESPONSE:

Please see the tab labeled "AIC" in Attachment 1 to the Company's response to MFR No. 1-51. The Company assumes that CIAOC stands for Contributions in Aid of Construction, which would be the same as Aid in Construction (AIC) and Contributions in Aid of Construction (CAIC).

Respondent: Jason Schneider

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Question No. 1-56 (1-05 Informal)
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REQUEST:

Refer to the Company's response to MFR #51 in the 2014 rate case. The Company's response indicates the following as **normal** plant additions for Division 93.

| Account | Account Title | 12 MTD | 12 MTD | 12 MTD | 12 MTD |
|----------------|------------------------------|---------------|---------------|---------------|---------------|
| | | Jun-11 | Jun-12 | Jun-13 | Jun-14 |
| 37601 | Mains - Steel | 1,196,195 | 722,806 | 639,957 | 8,766,069 |
| 37602 | Mains - Plastic | 2,556,560 | 4,072,638 | 6,370,691 | 10,671,150 |
| 37800 | Meas. & Reg. Sta. Eq-General | 155,368 | 70,036 | 432,584 | 698,890 |
| 38000 | Services | 4,359,271 | 3,907,250 | 4,595,070 | 6,282,553 |
| 38100 | Meters | 446,607 | 796,933 | 1,942,802 | 4,844,455 |

Please explain the significant escalation in normal capital expenditures for the test period. Also, discuss the Company's criteria for determination between normal and special projects and whether test period projects have been properly classified.

RESPONSE:

The primary drivers of the escalation in additions by account are as follows:

Acct 37601 - Old Nashville Hwy replacement project (replaced HCA transmission main with distribution main). \$7.568 million.

Acct 37602 - Columbia bare steel replacement. Part of mandated bare steel replacement program. 2" main \$1.861 million and 6" main \$1.007 million.

Acct 37800 - Old Nashville Hwy replacement project. \$.583 million. Please see above.

Acct 38000 - Primarily related to increase in bare steel replacement above.

Acct 38100 - Reflects investment in wireless meter reading. \$2.652 million.

The Company examined several factors in determining whether a project was classified as normal or special. Public Improvement projects were classified as special due to the fact that the Company typically has no control as to the timing or scope of these projects. Structures were also classified as special because these projects and their scope can vary from year to year and are not normally projects that are recurring in nature (please see the Company's response to CAPD DR No. 1-058 for an update on the Company's budgeted structures). Certain Growth projects that involved significant investment were also classified as special if they were deemed to be non-recurring in nature. All remaining projects were classified as normal as they fell within the usual

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scope of Company operations that occur on a regular recurring basis. Based on the above guidelines, the Company feels that the projects were properly classified as special and normal in the test period.

Respondent: Greg Waller

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Question No. 1-57 (1-06 Informal)
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REQUEST:

Refer to the Company's response to MFR #51 in the 2014 rate case. The Company's response indicates the following as **retirements** for Division 93.

| Account | Account Title | 12 MTD | 12 MTD | 12 MTD | 12 MTD |
|----------------|----------------------|---------------|---------------|---------------|---------------|
| | | Jun-11 | Jun-12 | 13-Jun | Jun-14 |
| 38000 | Services | -452,371 | -638,331 | -1,614,764 | -2,133,301 |

Please explain the significant escalation in retirements for services during the test period.

RESPONSE:

The increase in retirements directly correlates with the increased capital spending of the Company in replacing and upgrading main and connected services to promote system integrity. Several of these projects, such as the replacement of the 12,861' of 2" bare steel in Columbia, TN (please see the Company's response to CAPD DR No. 1-056) involve multiple related service retirements in their scope.

Respondent: Greg Waller

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Question No. 1-58 (1-07 Informal)
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REQUEST:

Refer to the Company's response to MFR #52 in the 2014 rate case. Specifically refer to the following attrition year projects related to the Company's Franklin Office:

| Project Type | Start & Completion | Budget Amount |
|--|-------------------------------|----------------------|
| IT Build-out for new Franklin, TN Office | FY 2016 | \$613,767 |
| 093.Building new office in Franklin, TN | FY 2016 | \$2,909,240 |
| Purchase of land for Franklin office. | FY 2015 | \$1,274,107 |

Please provide documentation on the total costs and economic feasibility of the Franklin Office, including which existing costs will cease when the project is completed and any allocation of cost to the Company's other divisions.

RESPONSE:

At the time the Company filed its petition, it was actively negotiating to purchase land by the end of calendar 2014. Unforeseen changes in the size of the particular land parcel offered by the seller rendered that parcel unacceptable and have resulted in the Company postponing its building plans.

Due to the unforeseen issues in purchasing the land for the building, it is reasonable to remove the building related capital additions from the current filing and add back the lease payments that were removed from the original request.

The entirety of the building-related capital additions in the Company's filing is as follows which includes the amounts in division 091 as well as 093:

| Project Name | Expenditure Type | Rate Division | FY 2015 | FY 2016 | Total |
|--|--------------------|---------------|-------------|-------------|--------------|
| 3301.091.Franklin Office Building | Structures | 091 | \$3,742,573 | \$891,096 | \$4,633,669 |
| 3301.091.Franklin Office Land Purchase | Structures | 091 | \$849,405 | \$0 | \$849,405 |
| 3301.093.Franklin Office Building | Structures | 093 | \$2,909,240 | \$692,638 | \$3,601,878 |
| 3301.093.Franklin Office Land Purchase | Structures | 093 | \$1,274,107 | \$0 | \$1,274,107 |
| 3301.IT Build-out New Franklin Office | IT Other Purchases | 093 | \$613,767 | \$0 | \$613,767 |
| Furniture Purchases | Structures | 091 | \$0 | \$485,577 | \$485,577 |
| Total | | | \$9,389,092 | \$2,069,311 | \$11,458,403 |

The Company removed lease payments from its filing for the last five months of the attrition period (January - May, 2016) in the following amounts consistent with the anticipated completion of the building:

| | |
|--|-------------------|
| 200 Noah Drive -- \$26,106.50 per month | Rate Division 093 |
| 810 Crescent Centre Dr. -- \$45,755.26 per month | Rate Division 091 |
| 377 Riverside Dr. 201 -- \$9,376.83 per month | Rate Division 091 |

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The Company has made these adjustments to its filed revenue requirement model. The impact of these changes reduces the Company's filed revenue requirement by \$840,599.

Respondent: Greg Waller