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NEAL & HARWELL, PLC

LAW OFFICES
150 FOURTH AVENUE, NORTH
SUITE 2000
NASHVILLE, TENNESSEE 37219-2498

JAMES F. NEAL (1929-2010)

AUBREY B. HARWELL, JR.
JON D. ROSS
JAMES F. SANDERS
THOMAS H. DUNDON
RONALD G. HARRIS
ALBERT F. MOORE
PHILIP N. ELBERT
JAMES G. THOMAS
WILLIAM T. RAMSEY
JAMES R. KELLEY
MARC T. MCNAMEE
PHILIP D. IRWIN
A. SCOTT ROSS
AUBREY B. HARWELL, III
KENDRA E. SAMSON
DAVID G. THOMPSON
LISA PAIGE BINDER
ELIZABETH S. TIPPING
ROBERT A. PEAL

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

WWW.NEALHARWELL.COM

CHANDRA N.T. FLINT
STEPHEN M. MONTGOMERY

J. ISAAC SANDERS
BLIND AKRAWI
MEGAN N. DEARDORFF
MARIE TEDESCO SCOTT
WILLIAM J. HARBISON II
JEFFREY A. ZAGER
MARIAM N. STOCKTON
BENJAMIN C. AARON
ERIK C. LYBECK

OF COUNSEL
LARRY W. LINDEEN
CHARLES F. BARRETT

September 26, 2016

RE: Atmos Energy Corporation Petition to Revise PBR Mechanism Tariff Rider
TRA Docket No. 16-00028

Dear Ms. Dillon:

As a matter of convenience, Neal & Harwell is filing the attached discovery responses of Exeter Associates, Inc.

The attached written responses are not confidential. The documents being produced by Exeter are confidential and they are enclosed on CDs in a sealed envelope and should not be placed on the Authority's docket website. If you have any questions, please do not hesitate to contact me.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd

Enclosures

cc: Wayne M. Irvin, Esq. (via e-mail and hand delivery)
Jerry D. Mierzwa (via e-mail)

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

IN RE:)	
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PETITION OF ATMOS ENERGY)	
CORPORATION TO REVISE)	DOCKET NO. 16-00028
PERFORMANCE BASED)	
RATEMAKING MECHANISM)	
TARIFF RIDER)	

**RESPONSE TO FIRST DISCOVERY REQUEST
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION
TO EXETER ASSOCIATES, INC.**

1. Refer to the Atmos Energy Corporation -- Review of Performance Based Ratemaking Mechanism Rider of Atmos Energy Corporation Prepared for the Audit Staff of the Tennessee Regulatory Authority and the Consumer Advocate and Protection Division of the Tennessee Attorney General dated August 2015 ("Exeter Report"), as filed in TRA Docket No. 07-00225 on September 18, 2015. In the Exeter Report, Exeter makes a number of recommendations regarding the incentives included in Atmos Energy's Performance Based Ratemaking Mechanism ("PBRM") rider. With respect to the recommendations in the Exeter Report:
 - a. Explain in detail with specificity the steps that were taken to determine each specific recommendation included in the Exeter Report, and identify any written or oral communication with Atmos Energy (or any affiliate of Atmos Energy) relating to those steps.
 - b. Identify any potential recommendation that was considered by Exeter or its affiliates and/or discussed with Atmos Energy or its affiliates, but that was excluded from the Exeter Report.
 - c. Explain in detail with specificity why Exeter made no similar recommendations on the incentive sharing mechanisms in the most recent triennial audit of Piedmont Natural Gas Company's Performance Incentive Plan.
 - d. Explain in detail with specificity why Exeter made no similar recommendations on the incentive sharing mechanisms in the most recent triennial audit of Chattanooga Gas Company's Performance Based Ratemaking Mechanism.
 - e. Identify all written or oral communications between Atmos Energy (or any affiliate of Atmos Energy) and Exeter or any affiliate of Exeter concerning whether to make, or related to the making of, the recommendations made in the Exeter Report, including any such communications related to the recommendations on the incentive sharing mechanisms in the Exeter Report.

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Response:

- a. Mr. Mierzwa did not follow a step by step process to develop his recommendations. The decision process relied upon by Mr. Mierzwa to develop the recommendations included in the Exeter Report are detailed and discussed in Section 6.0 of the Exeter Report. As explained in Section 6.0, Exeter generally relied on its experience with the incentive programs of other utilities to develop its recommendations. Please see the response to Request 5 for all communications with Atmos Energy related to this project.
- b. The Exeter Report was prepared more than one year ago. Other than varying the applicable sharing percentages included in several of the recommendations, Mr. Mierzwa does not recall any potential recommendations that were considered but excluded from the Exeter Report. Mr. Mierzwa does not recall specific discussions with Atmos Energy concerning the recommendations included in the Exeter Report.
- c. The scope of review/statement of work included in the RFP issued to review Piedmont Natural Gas Company's ("Piedmont") Performance Incentive Plan ("Plan") required that the report on Piedmont's activities not include proposed changes to the structure of the Plan.
- d. The scope of review/statement of work included in the RFP issued to review Chattanooga Gas Company's ("Chattanooga") activities under the Performance Based Ratemaking Mechanism required that the report on Chattanooga's activities not include proposed changes to the structure of the Plan.
- e. Please see the response to Request 5.

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2. Identify all projects or tasks, regardless as to whether memorialized in a written contract or other agreement, undertaken by Exeter or its affiliates for or on behalf of Atmos Energy Corporation or its affiliates since January 1, 2010. Provide a summary and any document, including any report, which resulted from such project or task.

Response:

Exeter has not undertaken any projects or tasks for or on behalf of AEC or its affiliates since January 1, 2010; Exeter has no affiliates.

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3. Identify all contracts and agreements undertaken by Exeter or its affiliates for or on behalf of any public utility commission or similar commission or authority or state consumer advocate's office that involved the review or analysis of any aspect of the business of Atmos Energy Corporation or its affiliates since January 1, 2010. Provide a summary and any document, including any report, which resulted from such review or analysis.

Response:

On behalf of Exeter, Mr. Mierzwa performed an audit of the purchased gas cost adjustment filings of Trans Louisiana Gas Company and Louisiana Gas Service Company for the period April 2012 – March 2014 on behalf of the Louisiana Public Service Commission ("LPSC") in Docket No. X-33480. A report identifying Exeter's findings can be found on the LPSC's website.

Mr. Mierzwa presented testimony addressing modifications to Atmos Energy Corporation's Rate Stabilization Clause on behalf of the LPSC in Docket No. U-32987. That testimony can be found on the LPSC's website.

Mr. Thomas S. Catlin, a principal at Exeter, has participated in several dockets on behalf of the LPSC involving Atmos Energy Corporation. These include docket numbers U-32987 and U-28814. Mr. Catlin is currently on medical leave from Exeter. Documents related to these dockets can be found on the LPSC's website.

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4. Identify all persons assisting in the data gathering, analysis, and preparation of the Exeter Report, and the section of the Report on which each person assisted.

Response:

Mr. Mierzwa spent half an hour discussing the recommendations included in the Exeter Report with Thomas Catlin, a principal at Exeter.

Kabeed Mansur, a former research assistant at Exeter, spent 3.5 hours preparing an analysis related to Atmos' load duration curves.

Beyond the administrative staff that typed the Exeter Report, no other Exeter employees assisted in the data gathering, analysis, or preparation of the Exeter Report.

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5. Produce copies of all documents -- including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by Exeter or any affiliate of Exeter on evaluating, reaching conclusions, or formulating any recommendation or opinion in the Exeter Report.

Response:

Included with this response are all the documents retained by Mr. Mierzwa that were relied upon to prepare the Exeter Report. Also included with this response in electronic format are all the computer files maintained by Mr. Mierzwa related to this project as well as all emails. **These documents, computer files, and emails should be considered confidential.** In preparing the Exeter Report, Mr. Mierzwa also relied upon the reports prepared by Exeter evaluating the Performance Based Ratemaking Mechanism of Chattanooga Gas Company and the Performance Incentive Plan of Piedmont Natural Gas Company. Copies of those reports were previously provided to the Consumer Protection and Advocate Division. In addition, Mr. Mierzwa relied upon the NRRI article referenced in footnote 6, page 53 of the Exeter Report. This article can be found on the internet.

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CORPORATION TO REVISE
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TO EXETER ASSOCIATES, INC.**

6. Identify, for each response, all persons assisting in the answering of each of these requests. Please state the request(s) on which each such person(s) assisted.

Response:

As indicated in each response, Mr. Mierzwa prepared all answers responding to the Consumer Protection and Advocate Division's discovery responses.