

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

**IN RE:**

**ATMOS ENERGY CORPORATION  
ANNUAL RECONCILIATION OF  
ANNUAL REVIEW MECHANISM**

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**DOCKET NO. 16-00105**

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

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To: A. Scott Ross, Esq.  
c/o Atmos Energy Corporation  
Neal & Harwell, PLC  
2000 One Nashville Place  
150 Fourth Avenue North  
Nashville, TN 37219-2498

Mr. Mark Martin  
VP, Regulatory Affairs  
Atmos Energy Corporation  
3275 Highland Pointe Drive  
Owensboro, KY 42303

Douglas C. Walther, Esq.  
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Atmos Energy Corporation  
P.O. Box 650205  
Dallas, TX 75265-0205

This First Discovery Request is hereby served upon Atmos Energy Corporation (“Company” or “Atmos Energy” or “Atmos”), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General’s Office (“Consumer Advocate”) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil

Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 4:00 p.m. (CDT), October 7, 2016, or at such other time as may be ordered by the Hearing Officer in the adoption or approval of a procedural schedule in this TRA Docket.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Atmos Energy and any Atmos Energy affiliate which would make a prior response inaccurate, incomplete, or incorrect.

To the extent that the data or information requested is incorporated or contained in a document, please identify the document.

Provide all responses in the format in which they are created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to audit and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

If any objections to this discovery are raised on the basis of privilege or immunity, please include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state the basis for the privilege

or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, please state the exact legal basis for each such refusal.

The terms “you” or “your” or “Company” or “Atmos Energy” as used herein mean Atmos Energy Corporation and all employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

The term “Settlement Agreement” as used herein means the Stipulation and Settlement Agreement between the Consumer Advocate and Protection Division (now known as the Consumer Protection and Advocate Division) and Atmos filed in TRA Docket 14-00146 on April 29, 2015, and approved at a scheduled hearing on May 11, 2015, and which is the subject of a written order filed on November 4, 2015.

The term “14-00146 Order” as used herein means the Order Approving Settlement as filed in TRA Docket 14-00146 on November 4, 2015.

The term “affiliate” means any entity that controls, is controlled by, or is under common control with the Company.

The term “person” as used herein refers to any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

The term “communication” means any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.

The term “document” as used herein shall have the broadest possible meaning under applicable law. “Document” as used herein means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), workpaper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, please state what disposition was made of the document and when it was made.

The term “identify” with respect to:

- (a) any natural person, means to state the full name, telephone number, e-mail address, and the last known physical business address of the person and that person’s relationship, whether business, commercial, professional, or personal with you;
- (b) any legal person, business entity or association, means to state the full name, telephone number, e-mail address, and the last known physical business address of such person or entity;
- (c) any document, means to state the type of document (e.g., letter), the title, the subject matter, the date the document bears and the date it was written; and
- (d) any oral communication, means to state the date when and the place where it was made, the identity of the person who made it, the identity of the person or persons who were present or who heard it, and the substance of it.

“Relates to” means constitutes, contains, records, discusses, summarizes, discloses, and/or refers to, in whole or in part.

“And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.

“Including” shall be construed to mean including but not limited to.

The singular shall include the plural, and vice-versa, where appropriate.

### **FIRST DISCOVERY REQUESTS**

1. Refer to the “Attrition Period Trial Balances” spreadsheet that was provided with the Company’s filing. Please provide an attestation from the Company’s Controller or other Company officer that the amounts included on this spreadsheet are complete, accurate, and reflect the actual balances on the Company’s books and records.

#### **RESPONSE:**

2. Refer to the “2015 Revenue Requirement Schedules – True Up” spreadsheet that was provided with the Company’s filing. Specifically refer to the “WP7-1” tab of this spreadsheet. In cell J6 of this spreadsheet, the Company lists the Division 91 allocation factor for FY 2015 as 40.69%. However, the calculated Division 91 allocation factor for FY 2015 appears to be 40.67948% (a difference of 0.01%) as shown on Cell L11 of the “Mid States FY 14” tab in the “FY15 Composite Factors for Rates 11.5.14” spreadsheet. Please confirm and explain this discrepancy.

#### **RESPONSE:**

3. Refer to the “FY16 Composite Factors for Rates 11.10.15” spreadsheet that was provided with the Company’s filing. Provide the trial balance support for the Property, Plant & Equipment amounts for all companies/divisions for each month of fiscal year 2015 that support the allocation study in the same format provided in response to Item #60 of the Company’s rate case in Docket 14-00146.

#### **RESPONSE:**

4. Refer to the “FY16 Composite Factors for Rates 11.10.15” spreadsheet that was provided with the Company’s filing. Provide the trial balance support for the Operation & Maintenance Expense amounts for all companies/divisions for each month of fiscal year 2015 that support the allocation study in the same format provided in response to Item #60 of the Company’s rate case in Docket 14-00146.

**RESPONSE:**

5. Refer to the “FY16 Composite Factors for Rates 11.10.15” spreadsheet that was provided with the Company’s filing. Provide the customer counts for all companies/divisions for each month of fiscal year 2015 that support the allocation study in the same format provided in response to Item #61 of the Company’s rate case in Docket 14-00146.

**RESPONSE:**

6. Refer to the “Plant Balances 2015 TN Case True-Up” spreadsheet that was provided with the Company’s filing. Specifically refer to the “Summary” tab of this spreadsheet. Cells E6 and E8 refer to the allocation factors for Greeneville and CKV. Please provide a copy of the “2016 Blending Percentages for Greeneville and CKV Center Effective Oct-15” spreadsheet referenced in these two cells.

**RESPONSE:**

7. Refer to the “2015 Revenue Requirement Schedules – True Up” spreadsheet that was provided with the Company’s filing. Specifically refer to the “WP7-1” tab of this spreadsheet. Please explain the decline in the Accumulated Depreciation (gross amounts) for Division 91 and the CKV and Greeneville properties from May 2015 through May 2016. In addition, please provide a copy of the journal entries supporting the reduction in accumulated depreciation for these properties.

**RESPONSE:**

8. Please provide a copy of the company's most recent Cost Allocation Manual.

**RESPONSE:**

9. See "Attrition Period Trial Balances.xlsx" that was provided with the Company's filing, then tab "WP 4-1 Disallowed". Please provide the source and support for the hard coded numbers listed under column H titled "Total Capitalization", column J titled "Allocated Expense to Div 091", and column K titled "Allocated Expense to Div 093".

**RESPONSE:**

10. See "Attrition Period Trial Balances.xlsx" that was provided with the Company's filing, then tab "WP 4-1 0002." Please provide the source and support for the allocation factor located in Cell R289 of this spreadsheet.

**RESPONSE:**

11. See "Attrition Period Trial Balances.xlsx" that was provided with the Company's filing, then tab "WP 4-1 0012." Please provide the source and support for the allocation factor located in Cell R187 of this spreadsheet.

**RESPONSE:**

12. See "Attrition Period Trial Balances.xlsx" that was provided with the Company's filing, then tab "WP 4-1 0091." Please provide the source and support for the allocation factor located in Cell R331 of this spreadsheet.

**RESPONSE:**

13. Admit or Deny that Section 22 of the Settlement Agreement in Docket 14-00146 states the parties' (to such Settlement Agreement) agreement that:

22. Except to the limited extent necessary to allow the Authority to implement an annual review mechanism under Tenn. Code Ann. § 65-5-

103(d)(6) in this Docket (and, for the avoidance of doubt, only in this Docket 14-00146), the Parties acknowledge and agree as follows:

- a. This Settlement Agreement shall not have any precedential effect in any other proceeding or be binding upon any of the Parties in this or any other jurisdiction;
- b. None of the signatories hereto shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue related methodology,
- c. No provision of this Settlement Agreement shall be deemed an admission of any Party[.]

and that Section 22 of such Settlement Agreement was incorporated into the 14-00146 Order. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

**RESPONSE:**

14. Explain in detail with specificity the reason(s) that Atmos did not file the Atmos Reconciliation of Annual Review Mechanism in Docket 14-00146. In the Company's response, please also state whether the Company believes that the Company's filing has complied with the Company's agreements in Sections 22 and/or 18 of the Stipulation and Settlement Agreement in Docket 14-00146.

**RESPONSE:**

15. Explain in detail with specificity any legal or regulatory effects and implications of Atmos not filing Atmos' Reconciliation of Annual Review Mechanism in Docket 14-00146.

**RESPONSE:**

16. Explain in detail with specificity the Company's reason(s) why, in view of Section 22 of the Settlement Agreement in Docket 14-00146, the methodologies from Docket 14-00146



may be used in the current Atmos' Reconciliation of Annual Review Mechanism in this Docket 16-00105.

**RESPONSE:**

17. Explain in detail with specificity the extent to which the Company believes the provisions of the Settlement Agreement in Docket 14-00146 remain in effect. In the Company's response, please specifically identify each section and/or provision in the Settlement Agreement in Docket 14-00146 that the Company believes is no longer in effect.

**RESPONSE:**

18. Explain in detail with specificity whether or not the Company believes that sections of the Settlement Agreement in Docket 14-00146, other than Section 22 of the Stipulation and Settlement Agreement in Docket 14-00146, may be disregarded by a party or the TRA in this Atmos' Reconciliation of Annual Review Mechanism.

**RESPONSE:**

19. Explain in detail with specificity whether or not the assets on which the Company earns a return in this Docket are the same assets on which the Company earns a payment under the performance based ratemaking mechanism tariff currently under review in Docket 16-00028.

**RESPONSE:**

20. Explain in detail with specificity why the Company should be permitted to earn an essentially guaranteed rate of return under the annual review mechanism approved in Docket 14-00146 and at the same time earn a return under the performance based ratemaking mechanism tariff that is the subject of Docket 16-00028.

**RESPONSE:**

21. Identify any third party, i.e., any entity other than the Company or an affiliate of the Company, that has performed any research, analysis, or study related to the prudence of the amounts capitalized or expended that are the subject of this Atmos Reconciliation of Annual Review Mechanism. If any such third party has prepared a summary, report, or other document related to such research, analysis, or study, please also provide such summary, report, or document in the Company's response.

**RESPONSE:**

22. Identify any employee or independent contractor of the Company or an affiliate of the Company that has performed any research, analysis, or study related to the prudence of the amounts capitalized or expended that are the subject of this Atmos Reconciliation of Annual Review Mechanism. If any such employee or independent contractor has prepared a summary, report, or other document related to such research, analysis, or study, please also provide such summary, report, or document in the Company's response.

**RESPONSE:**

23. Explain in detail with specificity the basis upon which the Company has demonstrated, or otherwise concluded, that the amounts capitalized or expended that are the subject of this Atmos Reconciliation of Annual Review Mechanism are prudent. If the Company has not, or does not believe that it has demonstrated or otherwise concluded that the amounts capitalized or expended that are the subject of this Atmos Reconciliation of Annual Review Mechanism are prudent, please so state and explain in detail with specificity why it does not believe that it has demonstrated or otherwise concluded that the amounts

capitalized or expended that are the subject of this Atmos Reconciliation of Annual Review Mechanism are prudent.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



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Wayne M. Irvin (BPR # 030946)  
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Office of the Attorney General  
Consumer Protection and Advocate Division  
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wayne.irvin@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

A. Scott Ross, Esq.  
Blind Akrawi, Esq.  
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This the 30<sup>th</sup> day of September, 2016.

  
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Wayne M. Irvin