

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:

ATMOS ENERGY CORPORATION)	
ANNUAL RECONCILIATION)	DOCKET NO. 17-00091
OF ANNUAL REVIEW MECHANISM)	

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

To: Office of the Tennessee Attorney General
Consumer Protection and Advocate Division (hereinafter "CPAD")

1. Admit that the approved Settlement Agreement in Docket No. 14-00146 defines the forward-looking test year as the twelve months beginning June 1 of each calendar year.

RESPONSE:

2. Admit that the methodology for calculation of income tax expense for the forward-looking test year is not specifically described in the text of the approved Settlement Agreement in Docket No. 14-00146.

RESPONSE:

3. Admit that the Atmos Energy revenue requirement model utilized in Docket No. 14-00146 calculated income tax expense for the forward-looking test year based upon statutory tax rates.

RESPONSE:

4. Admit that the Annual ARM Filing being reconciled in this docket is the one that was submitted and approved in Docket No. 16-00013.

RESPONSE:

5. Admit that the forward-looking test year being reconciled in this docket is the twelve-month period June 1, 2016, through May 31, 2017.

RESPONSE:

6. Admit that the approved Settlement Agreement in Docket No. 14-00146 includes the following provision in paragraph 14(b): “The annual reconciliation shall include a calculation of actual cost of service, determined in accordance with the Approved Methodologies, for the Forward Looking Test Year immediately completed; using the same revenue requirement model used in each Annual ARM Filing, substituting actual results in place of previously forecasted data for all aspects of cost of service, excluding revenue calculations.”

RESPONSE:

7. Admit that the terms of the approved Settlement Agreement in Docket No. 14-00146 do not specify how to determine “actual results” for income tax expense.

RESPONSE:

8. Admit that the revenue requirement model utilized in the Annual ARM Filing in Docket No. 16-00013 calculated income tax expense for the forward-looking test year based upon statutory tax rates, as set-forth in the schedule headed “Tennessee Distribution System Computation of State Excise and Federal Income Taxes for Sch 10 Twelve Months Ended May 31, 2017” (Wp 10-1) (attached to the Petition in that docket).

RESPONSE:

9. Admit that Atmos Energy has been through one annual reconciliation proceeding, in Docket No. 16-00105.

RESPONSE:

10. Admit that the approved Settlement Agreement in Docket No. 16-00105 includes the following provisions:

18. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof.

19. The Parties agree and request the TRA to order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the TRA or any court, state or federal except to the limited extent necessary to implement the provisions hereof.

RESPONSE:

11. Reference is made to Section V of Mr. Novak's Direct Testimony in this Docket relating to pension expense, and specifically to Mr. Novak's recommendation that Atmos Energy be required to change its annual loading rates to remove the accrued portion of pension expense from capitalized construction projects. Admit that Mr. Novak's recommended approach would differ from the way this item was handled in Docket 14-00146.

RESPONSE:

12. Reference is made to Section VI of Mr. Novak's Direct Testimony in this Docket relating to net operating loss allocation methodology, and specifically to Mr. Novak's recommendation that Atmos Energy be required to change how the Company calculates and

allocates the NOL balance to Tennessee. Admit that Mr. Novak's recommended approach would differ from the way this item was handled in Docket 14-00146.

RESPONSE:

13. Admit that in Docket 16-00105 CPAD advocated that Atmos Energy be required to change the methodology by which certain items were allocated to rate base to remove capitalized incentive compensation from rate base.

RESPONSE:

14. Admit that methodology changes addressing this capitalized incentive compensation issue were approved by the TPUC (TRA) in Dockets 16-00105 and 17-00012.

RESPONSE:

15. Admit that the CPAD supported these methodology changes and their approval in Dockets 16-00105 and 17-00012.

RESPONSE:

16. Admit that these changes in methodology addressing capitalized incentive compensation were changes to the methodologies utilized in Docket 14-00146.

RESPONSE:

17. Reference is made to Mr. Novak's Direct Testimony in this Docket at page 17 lines 2-3. Explain the basis for Mr. Novak's expressed belief "that any differences would generally be reconciled in the following period." Provide any calculations or other materials that support Mr. Novak's expressed belief.

RESPONSE:

18. If the CPAD's response to any request for admission in this Docket is anything other than a complete and unqualified admission, then, separately for each such request for admission response, provide a full explanation of the grounds for the CPAD's position and the factual and legal support for it.

RESPONSE:

19. Produce all work-papers and calculations generated by each of your witnesses in this matter in Excel working format with numbers, formulas and linked files provided.

RESPONSE:

20. Produce all documents that have been referenced or relied upon by each of your witnesses in this matter.

RESPONSE:

21. Produce all hearing exhibits and other documents that you plan to introduce, use, or reference at the hearing on the merits in this matter.

RESPONSE:

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

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Counsel for Atmos Energy Corporation

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 8th day of December, 2017.

<input type="checkbox"/> Hand	Wayne M. Irvin
<input type="checkbox"/> Mail	Assistant Attorney General
<input type="checkbox"/> Fax	Office of the Attorney General
<input type="checkbox"/> Fed. Ex.	Consumer Protection and Advocate Division
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