

Docket No. 18-00034
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 2
Question No. 2-01
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REQUEST:

Please reference TPUC Docket 18-00097 1 Ms. Story testifies Atmos is in agreement with the Consumer Advocate to eliminate Pension Expense, Restricted Stock Program and the MIP/VPP in order to synchronize the ADIT balance (page 4, Rebuttal Testimony).

Please provide the updated amount for Pension Expense, Restricted Stock Program, Director's Stock Award and MIP/VPP as of September 30, 2018.

RESPONSE:

Please see Attachment 1 for ADIT balances as of September 30, 2018.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_2-01_Att1 - ADIT Balances.xlsx, 1 Page.

Atmos Energy Corporation
ADIT Balances at 9/30/18

			Div 002	Div 012	Div 091	Div 093
Pension Expense	BEN	PEN01	(6,985,445)	-	-	-
Restricted Stock Grant Plan	BEN	NBP05	10,229	-	-	-
Restricted Stock - MIP	BEN	NBP13	9,450,594	-	-	-
MIP/VPP Accrual	ACC	ACC04	1,809,628	(1,057,700)	86,771	-

Docket No. 18-00034
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 2
Question No. 2-02
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REQUEST:

Please reference TPUC Docket 18-00097 1 Ms. Story testifies Atmos is in agreement with the Consumer Advocate to eliminate Pension Expense, Restricted Stock Program and the MIP/VPP in order to synchronize the ADIT balance (page 4, Rebuttal Testimony).

Please provide the exact amount that Atmos agrees to include for amortization in this docket.

RESPONSE:

The Company has recalculated the balance and amortization of the EDIT liability consistent with Ms. Story's rebuttal testimony in Docket No. 18-00097. Please see Attachment 1 for support for the Company's updated amortization amount of \$1,039,693. This amount reflects the removal of the EDIT associated with Pension Expense, Restricted Stock and MIP/VPP. The amounts reflected in Attachment 1 are appropriate for inclusion in the record of this docket. Because Docket No. 18-00067 (the most recently approved forward looking filing) has already been approved and rates implemented, the Company will incorporate the updated amortization and related regulatory liability amounts reflected in Attachment 1 into Docket No. 19-00018 as the opportunity arises through discovery or rebuttal testimony.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_2-02_Att1 - Amortization Amount.xlsx, 3 Pages.

**Tennessee Distribution System
Deferred Regulatory Liability Amortization
Test Year Ending May 31, 2020**

ESTIMATED Amortization Period in Years [1]

28

<u>ADIT Excess Deferred Liabilities</u>	<u>Year Ended September 30, 2018</u>	<u>Excess Deferred Balance</u>	<u>Amortization Expense</u>	<u>Month</u>	<u>Monthly Balance</u>
1 Account 2530 - 27909	2018	(29,111,410)	(1,039,693)	Sep-17	-
2	2019	(28,071,716)	(1,039,693)	Oct-17	-
3	2020	(27,032,023)	(1,039,693)	Nov-17	-
4	2021	(25,992,330)	(1,039,693)	Dec-17	(29,321,046)
5	2022	(24,952,637)	(1,039,693)	Jan-18	(29,321,046)
6	2023	(23,912,944)	(1,039,693)	Feb-18	(29,321,046)
7	2024	(22,873,250)	(1,039,693)	Mar-18	(29,164,084)
8	2025	(21,833,557)	(1,039,693)	Apr-18	(29,164,084)
9	2026	(20,793,864)	(1,039,693)	May-18	(29,164,084)
10	2027	(19,754,171)	(1,039,693)	Jun-18	(29,170,189)
11	2028	(18,714,478)	(1,039,693)	Jul-18	(29,170,189)
12	2029	(17,674,784)	(1,039,693)	Aug-18	(29,170,189)
13	2030	(16,635,091)	(1,039,693)	Sep-18	(29,024,530)
14	2031	(15,595,398)	(1,039,693)	Oct-18	(28,938,147)
15	2032	(14,555,705)	(1,039,693)	Nov-18	(28,851,765)
16	2033	(13,516,012)	(1,039,693)	Dec-18	(28,765,382)
17	2034	(12,476,318)	(1,039,693)	Jan-19	(28,679,000)
18	2035	(11,436,625)	(1,039,693)	Feb-19	(28,592,617)
19	2036	(10,396,932)	(1,039,693)	Mar-19	(28,506,235)
20	2037	(9,357,239)	(1,039,693)	Apr-19	(28,419,852)
21	2038	(8,317,546)	(1,039,693)	May-19	(28,333,470)
22	2039	(7,277,852)	(1,039,693)	Jun-19	(28,250,389)
23	2040	(6,238,159)	(1,039,693)	Jul-19	(28,174,667)
24	2041	(5,198,466)	(1,039,693)	Aug-19	(28,106,304)
25	2042	(4,158,773)	(1,039,693)	Sep-19	(28,045,062)
26	2043	(3,119,080)	(1,039,693)	Oct-19	(27,991,178)
27	2044	(2,079,386)	(1,039,693)	Nov-19	(27,944,415)
28	2045	(1,039,693)	(1,039,693)	Dec-19	(27,905,012)
	2046	(0.00)	(1,039,693)	Jan-20	(27,872,966)
				Feb-20	(27,847,567)
				Mar-20	(27,829,527)
				Apr-20	(27,818,608)
				May-20	(27,815,047)
				13 Mo. Avg	(27,994,939)

Atmos Energy Corporation
Regulatory Liability Analysis
9/30/2018

As Provided - Staff Set 1 Attachment 1												
	Excess Deferreds Excl Gross Up			Excess Deferreds by Type Excl Gross Up			Gross Up by Type			Regulatory Liability Incl Gross Up by Type		
	After TCJA (DTL)/DTA	Before TCJA (DTL)/DTA	Change (expense)/benefit	Plant	Non Plant	Total	Plant	Non Plant	Total	Plant	Non Plant	Total
Tennessee (093)	(58,857,346)	(96,880,381)	38,023,035	36,506,215	1,516,820	38,023,035	10,792,044	448,406	11,240,449	47,298,258	1,965,226	49,263,484
Allocated from Div 002	28,011,136	44,048,632	(16,037,496)	(14,312,751)	(1,724,745)	(16,037,496)	(4,231,165)	(509,873)	(4,741,038)	(18,543,916)	(2,234,618)	(20,778,534)
Allocated from Div 012	(904,417)	(1,410,403)	505,986	479,899	26,087	505,986	141,869	7,712	149,581	621,768	33,799	655,567
Allocated from Div 091	(219,767)	(130,244)	(89,523)	248,057	(337,580)	(89,523)	73,331	(99,796)	(26,465)	321,388	(437,376)	(115,988)
Total TN	(31,970,393)	(54,372,396)	22,402,003	22,921,420	(519,417)	22,402,003	6,776,078	(153,551)	6,622,527	29,697,498	(672,969)	29,024,530

Incentive Compensation EDIT Items												
	Excess Deferreds Excl Gross Up			Excess Deferreds by Type Excl Gross Up			Gross Up by Type			Regulatory Liability Incl Gross Up by Type		
	After TCIA	Before TCIA	Change	Plant	Non Plant	Total	Plant	Non Plant	Total	Plant	Non Plant	Total
	(DTL)/DTA	(DTL)/DTA	(expense)/benefit									
Div 002 MIP/VPP	78,869	103,863	(24,994)		(24,994)	(24,994)		(7,389)	(7,389)		(32,383)	(32,383)
Div 002 Restricted Stock	35,103	57,319	(22,216)		(22,216)	(22,216)		(6,568)	(6,568)		(28,784)	(28,784)
Div 002 Restricted Stock - MIP	411,884	642,730	(230,845)		(230,845)	(230,845)		(68,243)	(68,243)		(299,088)	(299,088)
Div 002 Pension	(304,446)	(510,569)	206,123		206,123	206,123		60,935	60,935		267,058	267,058
Div 012 MIP/VPP	(48,323)	(66,480)	18,157		18,157	18,157		5,368	5,368		23,525	23,525
Div 091 MIP/VPP	36,363	49,643	(13,281)		(13,281)	(13,281)		(3,926)	(3,926)		(17,207)	(17,207)
Total Incentive Comp Items	209,450	276,506	(67,056)	0	(67,056)	(67,056)	0	(19,823)	(19,823)	0	(86,880)	(86,880)

Regulatory Liability for EDIT Adjusted to Remove Incentive Compensation Items												
Excess Deferreds Excl Gross Up				Excess Deferreds by Type Excl Gross Up			Gross Up by Type			Regulatory Liability Incl Gross Up by Type		
	After TCJA (DTL)/DTA	Before TCJA (DTL)/DTA	Change (expense)/benefit	Plant	Non Plant	Total	Plant	Non Plant	Total	Plant	Non Plant	Total
Tennessee (093)	(58,857,346)	(96,880,381)	38,023,035	36,506,215	1,516,820	38,023,035	10,792,044	448,406	11,240,449	47,298,258	1,965,226	49,263,484
Allocated from Div 002	27,789,726	43,755,289	(15,965,563)	(14,312,751)	(1,652,812)	(15,965,563)	(4,231,165)	(488,608)	(4,719,773)	(18,543,916)	(2,141,419)	(20,685,336)
Allocated from Div 012	(856,094)	(1,343,923)	487,829	479,899	7,930	487,829	141,869	2,344	144,213	621,768	10,274	632,042
Allocated from Div 091	(256,129)	(179,887)	(76,242)	248,057	(324,299)	(76,242)	73,331	(95,870)	(22,539)	321,388	(420,170)	(98,781)
Total TN	(32,179,843)	(54,648,902)	22,469,059	22,921,420	(452,361)	22,469,059	6,776,078	(133,728)	6,642,350	29,697,498	(586,089)	29,111,410

**Tennessee Distribution System
Deferred Regulatory Liability Amortization
Test Year Ending May 31, 2020**

ESTIMATED Amortization Period in Years [1]

28

<u>ADIT Excess Deferred Liabilities</u>	<u>Year Ended September 30, 2018</u>	<u>Excess Deferred Balance</u>	<u>Amortization Expense</u>	<u>Month</u>	<u>Monthly Balance</u>
1 Account 2530 - 27909	2018	(29,024,530)	(1,036,590)	Sep-17	-
2	2019	(27,987,939)	(1,036,590)	Oct-17	-
3	2020	(26,951,349)	(1,036,590)	Nov-17	-
4	2021	(25,914,759)	(1,036,590)	Dec-17	(29,321,046)
5	2022	(24,878,168)	(1,036,590)	Jan-18	(29,321,046)
6	2023	(23,841,578)	(1,036,590)	Feb-18	(29,321,046)
7	2024	(22,804,988)	(1,036,590)	Mar-18	(29,164,084)
8	2025	(21,768,397)	(1,036,590)	Apr-18	(29,164,084)
9	2026	(20,731,807)	(1,036,590)	May-18	(29,164,084)
10	2027	(19,695,217)	(1,036,590)	Jun-18	(29,170,189)
11	2028	(18,658,626)	(1,036,590)	Jul-18	(29,170,189)
12	2029	(17,622,036)	(1,036,590)	Aug-18	(29,170,189)
13	2030	(16,585,446)	(1,036,590)	Sep-18	(29,024,530)
14	2031	(15,548,855)	(1,036,590)	Oct-18	(28,938,147)
15	2032	(14,512,265)	(1,036,590)	Nov-18	(28,851,765)
16	2033	(13,475,675)	(1,036,590)	Dec-18	(28,765,382)
17	2034	(12,439,084)	(1,036,590)	Jan-19	(28,679,000)
18	2035	(11,402,494)	(1,036,590)	Feb-19	(28,592,617)
19	2036	(10,365,904)	(1,036,590)	Mar-19	(28,506,235)
20	2037	(9,329,313)	(1,036,590)	Apr-19	(28,419,852)
21	2038	(8,292,723)	(1,036,590)	May-19	(28,333,470)
22	2039	(7,256,132)	(1,036,590)	Jun-19	(28,250,637)
23	2040	(6,219,542)	(1,036,590)	Jul-19	(28,175,141)
24	2041	(5,182,952)	(1,036,590)	Aug-19	(28,106,982)
25	2042	(4,146,361)	(1,036,590)	Sep-19	(28,045,922)
26	2043	(3,109,771)	(1,036,590)	Oct-19	(27,992,199)
27	2044	(2,073,181)	(1,036,590)	Nov-19	(27,945,577)
28	2045	(1,036,590)	(1,036,590)	Dec-19	(27,906,290)
	2046	0.00	(1,036,590)	Jan-20	(27,874,341)
				Feb-20	(27,849,017)
				Mar-20	(27,831,031)
				Apr-20	(27,820,144)
				May-20	(27,816,594)
				13 Mo. Avg	(27,995,950)

Docket No. 18-00034
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 2
Question No. 2-03
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REQUEST:

Please reference TPUC Docket 18-00097 1 Ms. Story testifies Atmos is in agreement with the Consumer Advocate to eliminate Pension Expense, Restricted Stock Program and the MIP/VPP in order to synchronize the ADIT balance (page 4, Rebuttal Testimony).

Provide an explanation and justification for Atmos' exclusion of the Director's Stock Award.

RESPONSE:

Directors are given the opportunity to defer compensation until retirement and can invest this deferred compensation into a cash or stock account. Directors Stock represents the portion of Directors deferred compensation invested into a stock account. This compensation is not dependent on the Company achieving any performance targets or metrics.

Unlike the ADIT items the Company has agreed to eliminate, the Directors Stock plan is not incentive compensation, nor is an adjustment made to remove the underlying costs from operation and maintenance expense. This ADIT item is properly included in the Company's requested ADIT.¹

¹ Docket No. 18-00097 Story Rebuttal Testimony at page 4 line 17 through page 5 line 2.