

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>ATMOS ENERGY CORPORATION</b>	)	<b>DOCKET NO. 19-00018</b>
<b>FOR APPROVAL OF ITS 2019 ANNUAL RATE</b>	)	
<b>REVIEW FILING PURSUANT TO TENN.</b>	)	
<b>CODE ANN. § 65-5-103(d)(6)</b>	)	

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**CONSUMER ADVOCATE'S FIRST DISCOVERY REQUEST  
TO ATMOS ENERGY CORPORATION**

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To: A. Scott Ross, Esq.  
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This First Discovery Request is hereby served upon Atmos Energy Corporation (Company), 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 Advocate Unit in the Financial 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 Advocate Unit in the Financial Division, 301 6<sup>th</sup> Avenue North, Nashville, Tennessee 37243, c/o Karen H. Stachowski, on or before 2:00 p.m. (CDT), March 4, 2019.

### **PRELIMINARY MATTERS AND DEFINITIONS**

1. **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Producing Party and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.
2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.
3. **Format of Responses.** Provide all responses in the format in which they were 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 analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.
4. **Objections.** If any objections to this discovery are raised on the basis of privilege or immunity, 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, state the exact legal basis for each such refusal.

5. **Singular/Plural.** The singular includes the plural, and vice-versa, where appropriate.
6. **Questions.** Any questions regarding this discovery request should be directed to the attorneys listed as issuing this Request.
7. **Definitions.** For the purposes of this Request, the following terms have the following meanings:

- (A) **"Affiliate"** shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company (that is the Producing Party). For greater clarification, "control" is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term "Affiliate" shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an "Affiliate" for purposes of this Request.
- (B) **"Communication"** shall mean 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 otherwise.
- (C) **"Document"** shall have the broadest possible meaning under applicable law. "Document" shall mean 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 work paper, 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, state what disposition was made of the document and the date of the disposition.

(D) **“Identify”** with respect to:

- i. Any natural person, to state the full name, telephone number(s), email address(es) and the current or last known business address of the person (if no business address is available provide last address(es) known to you) and that person’s relationship, whether business, commercial, professional, or personal with you;
- ii. Any legal person, business entity or association, means to state the full name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es) and current or last known business address of such person or entity (if no business address is available provide last address known to you);
- iii. Any document means to state the type of document (*e.g.*, letter), the title of the document, identify the author(s), the subject matter, the date the document bears and the date it was written; and
- iv. Any oral communication means to state the date when and location where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.

(E) **“Person”** or **“Entity”** shall mean any natural person, corporation, limited liability company, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(F) **“You,” “Your,” “Company,”** or **“Atmos”** shall mean Atmos Energy Corporation and all employees, officers, directors, agents, attorneys, representatives or any other person acting or purporting to act on the Company that is the Producing Party’s behalf.

### **FIRST DISCOVERY REQUESTS**

- 1-1. Provide actual data for the period June 2018 – December 2018 as is contained on WP 7-1 included with the annual ARM reconciliation filings.

#### **RESPONSE:**

- 1-2. Provide a comprehensive explanation justifying the use of the composite state tax rate within the ADIT calculation included within this filing.

#### **RESPONSE:**

- 1-3. Provide a recalculation of the appropriate level of ADIT in this docket using the Tennessee specific state income (excise) tax rate along with all supporting workpapers identifying all book/tax timing differences and the application of the overall federal/state tax rate.

#### **RESPONSE:**

- 1-4. Provide the budgeted level of book/tax timing differences that comprise the Division 093 forecasted ADIT balances contained within the filing.

#### **RESPONSE:**

- 1-5. Provide a copy of the Division 093 budget (O&M and Capital) that is incorporated within the Atmos Corporate Fiscal Year Earnings Guidance producing Earnings Per Share within a range of \$4.20 - \$4.35/share as shown on slide 9 of a presentation dated February 6, 2019.

#### **RESPONSE:**

- 1-6. With respect to any affiliate transactions giving rise to Operating and Maintenance costs included in the budget ARM provide the following:
- a. Identify the affiliate entity with whom Atmos Energy has received services.

- b. Provide a comprehensive explanation of the nature of the acquired service.
- c. Provide a comprehensive explanation of the methodology used to price these transactions to Atmos Energy.
- d. Provide the underlying calculations identifying how such costs were allocated/assigned to i) Division 093, ii) Division 091, iii) Division 012 and iv) Division 002.
- e. Identify the monthly costs for such services, by division for the period October 2016 – December 2018.

**RESPONSE:**

1-7. With respect to any affiliate transactions giving rise to the allocation of assets included in the budget ARM provide the following:

- a. Identify the affiliate entity with whom Atmos Energy has received services.
- b. Provide a comprehensive explanation describing the function of the asset providing service to Atmos' Tennessee division.
- c. Provide a comprehensive explanation of the methodology used to price these transactions to Atmos Energy.
- d. Provide the underlying calculations identifying how such assets were allocated/assigned to i) Division 093, ii) Division 091, iii) Division 012 and iv) Division 002 within the current filing.
- e. To the extent any of these shared assets provide a benefit to non-regulated affiliates, identify the affiliate and provide a comprehensive explanation of how the shared assets provide benefits to the non-regulated affiliate and how such asset costs are assigned to the affiliate.

**RESPONSE:**

1-8. Refer to Workpaper 7-9. With respect to the annual amortization of Excess Deferred Tax Liabilities identified within this schedule provide the following information:

- a. Has Atmos begun amortizing its balance of Excess ADIT?
- b. If so, provide the following:

- i. Identify the date such amortization began.
  - ii. Identify the regulatory or legal authority which Atmos relied upon to begin amortization.
  - iii. Identify the accounts used to record the amortization.
  - iv. Identify the monthly amount of amortization from the date such amortization began through January 2019.
  - v. Identify the amount and specific schedule reference where such credit to Expense was incorporated into the revenue requirement in Docket 18-00097.
- c. If not, provide a complete explanation supporting the apparent amortization of such balances reflected in WP 7-9.

**RESPONSE:**

- 1-9. Provide a copy of the annual Atmos-TN (Division 093) capital budget for the period 2019 – 2021. Provide a copy of a random residential customer bill for the month of January 2019 with all personal information redacted, including the customer name, address and account number.

**RESPONSE:**

- 1-10. Refer to the Variance Report file included in the present filing, specifically the 093 Revenue and Gas Cost tab. Account 496 contains a reference to a \$3,563,826 Provision for Rate Refund. With respect to this amount, provide the following:
- a. Provide the underlying workpapers supporting this General Ledger balance.
  - b. Provide a comprehensive explanation underlying the nature of this debit balance.

**RESPONSE:**

- 1-11. Provide a copy of the annual Atmos capital budget for Division 002 for the period 2019 – 2021.

**RESPONSE:**

1-12. Regarding Tab 093 O&M Sub within the Variance Report file submitted in this application, provide the following:

- a. Provide a comprehensive explanation for sub accounts (i) 01001 Capital Labor, (ii) 01002 Capital Labor Contra, (iii) 01011 Capital Labor Transfer In, and (iv) Capital Labor Transfer Out. This explanation should include the distinction between the Capital Labor and Capital Labor Transfer In subaccounts, as well as the distinction between the Capital Labor Contra and Capital Labor Transfer Out subaccounts.
- b. Provide the respective amounts of these subaccounts which are included within the budget filing request.
- c. Provide the balance of Contract Labor (subaccount 0611) contained within the budget filing and identify of this total the amount included as an O&M Expense and the amount budgeted to capital projects.

**RESPONSE:**

1-13. Regarding Mr. Waller's testimony page 12, line 16 through page 13 line 2, specifically related to Uncollectible Expense, provide the following:

- a. Confirm whether Atmos recovers a portion of Uncollectible Expense associated with its purchased gas (including transportation) costs within its PGA mechanism.
- b. If Atmos does recover the portion of Uncollectible Expense associated with its purchased gas (including transportation) costs within its PGA mechanism, provide a comprehensive explanation of how such recoveries are accounted for on the books of Atmos-Tennessee (division 093), including an explanation demonstrating that such costs are not recovered within the ARM mechanism.
- c. If Atmos does recover the portion of Uncollectible Expense associated with its purchase costs (including transportation) costs within its PGA mechanism provide a comprehensive explanation of how such Uncollectible Expense is assigned between outstanding purchased gas costs and all other outstanding accounts receivable balances.
- d. Provide comprehensive support for the Uncollectible ratio of .5% as contained in WP 4-3.



**RESPONSE:**

1-14. Regarding WP 5-1 of the revenue requirement schedules, provide a comprehensive explanation supporting the increase in Division 091 Allocated Taxes other than Income Taxes from \$401 in the Base Period contrasted with the \$171,626 contained in the Attrition Year.

**RESPONSE:**


1-15. Identify Division 093 Ad-Valorem payments made by year for the period 2016 – 2018.

**RESPONSE:**

1-16. Provide a breakdown of Atmos' annual ARM budgeted revenue, by rate class, for the period June 2017 through May 2020. In addition to monthly revenues, this response should include the underlying budgeted sales volumes that tie into the budget data previously (and currently) provided within Atmos' budget ARM filings.

**RESPONSE:**

RESPECTFULLY SUBMITTED,

  
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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:

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This the 22<sup>nd</sup> day of February, 2019.

  
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KAREN H. STACHOWSKI  
Assistant Attorney General