

**Docket No. 19-00018**  
**Atmos Energy Corporation, Tennessee Division**  
**CPAD DR Set No. 2**  
**Question No. 2-01**  
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**REQUEST:**

A comparison of historic Gross Plant to Budgeted Plant indicates a pattern where actual Plant in Service is less than Budgeted, Forward-looking Plant in Service. In light of this, are there any unique aspects to Atmos' forecast of its budgeted capital expenditures which would indicate this trend will not continue in the coming year?

**RESPONSE:**

No. The Company believes its variances of actual capital spending to budget have been relatively small (please see Attachment 1). To the extent actual plant in service is less than forecasted, forward-looking plant in service, this variance would be reflected in future true-up filings and would include carrying costs.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, CPAD\_2-01\_Att1 - Capex vs Budget.xlsx,  
1 Page.

**Atmos Energy Corporation**  
**Capital Expenditures**  
**Atmos Energy-KY/Mid-States**  
**Tennessee Division - 093DIV**

|                         | Fiscal 2016 |                   | Budget 2016 |                   | Fiscal 2017 |                   | Budget 2017 |                   | Fiscal 2018 |                   | Budget 2018 |                   | Feb-19 Forecast |                   | Budget 2019 |                   |
|-------------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-----------------|-------------------|-------------|-------------------|
|                         | Total Year  |                   | Total Year  |                   | Total Year  |                   | Total Year  |                   | Total Year  |                   | Total Year  |                   | Total Year      |                   | Total Year  |                   |
| Growth                  | \$          | 8,264,205         | \$          | 9,293,702         | \$          | 8,871,779         | \$          | 8,690,031         | \$          | 11,042,182        | \$          | 9,447,735         | \$              | 9,719,063         | \$          | 8,441,366         |
| System Integrity        | \$          | 10,707,189        | \$          | 9,628,764         | \$          | 9,928,342         | \$          | 10,045,254        | \$          | 13,218,112        | \$          | 10,960,343        | \$              | 27,001,213        | \$          | 25,660,807        |
| System Improvements     | \$          | 14,457,406        | \$          | 12,900,934        | \$          | 19,914,851        | \$          | 18,830,898        | \$          | 17,766,684        | \$          | 21,238,757        | \$              | 15,959,386        | \$          | 17,268,513        |
| Public Improvements     | \$          | 1,772,876         | \$          | 2,517,657         | \$          | 5,987,332         | \$          | 5,805,938         | \$          | 9,867,185         | \$          | 10,011,218        | \$              | 4,357,137         | \$          | 5,789,957         |
| Information Technology  | \$          | 124,643           | \$          | 189,057           | \$          | 111,297           | \$          | 216,578           | \$          | 190,601           | \$          | 171,115           | \$              | 94,987            | \$          | 86,581            |
| Equipment               | \$          | 629,516           | \$          | 499,106           | \$          | 511,724           | \$          | 518,019           | \$          | 472,331           | \$          | 428,944           | \$              | 574,642           | \$          | 537,955           |
| Structures              | \$          | 361,809           | \$          | 218,815           | \$          | 433,485           | \$          | 359,057           | \$          | 875,882           | \$          | 664,893           | \$              | 1,722,125         | \$          | 1,651,000         |
| Vehicles                | \$          | -                 | \$          | -                 | \$          | -                 | \$          | -                 | \$          | -                 | \$          | -                 | \$              | -                 | \$          | -                 |
| Misc                    | \$          | (879,111)         | \$          | -                 | \$          | (43,012)          | \$          | -                 | \$          | (3,726)           | \$          | -                 | \$              | -                 | \$          | -                 |
| Overhead                | \$          | -                 | \$          | -                 | \$          | 0                 | \$          | 0                 | \$          | 0                 | \$          | 0                 | \$              | (0)               | \$          | -                 |
| <b>Capital</b>          | <b>\$</b>   | <b>35,438,534</b> | <b>\$</b>   | <b>35,248,034</b> | <b>\$</b>   | <b>45,715,798</b> | <b>\$</b>   | <b>44,465,775</b> | <b>\$</b>   | <b>53,429,251</b> | <b>\$</b>   | <b>52,923,006</b> | <b>\$</b>       | <b>59,428,553</b> | <b>\$</b>   | <b>59,436,179</b> |
| <b>Percent Variance</b> |             |                   |             | <b>0.54%</b>      |             |                   |             | <b>2.73%</b>      |             |                   |             | <b>0.95%</b>      |                 |                   |             | <b>-0.01%</b>     |

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**REQUEST:**

Regarding the response to Consumer Advocate Request No. 1-6, identify the following:

- (a) Actual costs incurred in 2018, allocated or direct charged to Tennessee.
- (b) Forecasted costs included in the present filing associated with:
  - i. Jardine Lloyd Thompson Group.
  - ii. JLT Insurance Management.

**RESPONSE:**

- a) Please see Attachment 1 for Blueflame property insurance charges, both direct and allocated to Tennessee, for Calendar 2018.
- b) In addition to services provided to Blueflame, Jardine Lloyd Thompson Group and JLT Insurance Management perform work for the Company that does not pertain to Blueflame specifically, but does pertain to insurance coverages for Tennessee. Costs associated with Jardine Lloyd Thompson Group and JLT Insurance Management (collectively, JLT Entities) for Blueflame are paid from Blueflame premiums. Costs for the JLT Entities not pertaining to Blueflame are included in the Company's O&M forecast in its relied upon-files. That forecast, however, is not produced at a vendor specific level. Neither of the JLT Entities is an affiliate of either Blueflame or Atmos Energy.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, CPAD\_2-02\_Att1 - Blueflame Insurance CY18.xlsx, 1 Page.

Atmos Energy Corporation  
Blueflame Insurance Expense Charged to Tennessee  
Calendar Year 2018

| Company | Division | Division Description           | Account | Account Description    | Sub Account | Sub Account Description      | JAN-18   | FEB-18   | MAR-18   | APR-18   | MAY-18   | JUN-18   | JUL-18   | AUG-18   | SEP-18   | OCT-18   | NOV-18   | DEC-18   | TOTAL     |                                      |
|---------|----------|--------------------------------|---------|------------------------|-------------|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------------------------------------|
| 050     | 093      | Tennessee Division             | 9240    | A&G-Property insurance | 04069       | Blueflame Property Insurance | 29,345   | 29,345   | 29,288   | 29,288   | 29,288   | 29,288   | 29,288   | 29,288   | 29,288   | 29,288   | 29,288   | 29,288   | 351,571   | TN Direct Gross                      |
| 050     | 093      | Tennessee Division             | 9240    | A&G-Property insurance | 04072       | Insurance Capitalized        | (15,413) | (16,204) | (17,111) | (16,978) | (16,639) | (16,938) | (16,865) | (16,730) | (17,161) | (16,490) | (15,928) | (16,457) | (198,915) | TN Direct Capital                    |
|         |          |                                |         |                        |             |                              | 13,932   | 13,141   | 12,177   | 12,310   | 12,649   | 12,350   | 12,423   | 12,558   | 12,127   | 12,798   | 13,360   | 12,831   | 152,656   | TN Direct Net Expense                |
| 050     | 091      | KMD Division General Office    | 9240    | A&G-Property insurance | 04069       | Blueflame Property Insurance | 483      | 483      | 436      | 436      | 436      | 436      | 436      | 436      | 436      | 436      | 436      | 436      | 5,323     | Div 091 Gross                        |
| 050     | 091      | KMD Division General Office    | 9240    | A&G-Property insurance | 04072       | Insurance Capitalized        | (254)    | (267)    | (255)    | (253)    | (247)    | (252)    | (251)    | (249)    | (255)    | (245)    | (237)    | (245)    | (3,009)   | Div 091 Capitalized                  |
|         |          |                                |         |                        |             |                              | 229      | 216      | 181      | 183      | 188      | 184      | 185      | 187      | 180      | 190      | 199      | 191      | 2,314     | Div 091 Net Expense                  |
|         |          |                                |         |                        |             |                              | 96       | 91       | 76       | 77       | 79       | 77       | 77       | 78       | 76       | 77       | 81       | 77       | 962       | Div 091 Net Expense Allocated to TN  |
| 010     | 002      | Shared Services General Office | 9240    | A&G-Property insurance | 04069       | Blueflame Property Insurance | 11,426   | 11,426   | 10,819   | 10,819   | 10,819   | 10,819   | 10,819   | 10,819   | 10,819   | 10,819   | 10,819   | 10,819   | 131,038   | Div 002 Gross                        |
|         |          |                                |         |                        |             |                              | (8,612)  | (8,612)  | (8,154)  | (8,154)  | (8,154)  | (8,154)  | (8,154)  | (8,154)  | (8,154)  | (8,549)  | (8,549)  | (8,549)  | (99,948)  | Div 002 Capitalized Overhead         |
|         |          |                                |         |                        |             |                              | 2,814    | 2,814    | 2,665    | 2,665    | 2,665    | 2,665    | 2,665    | 2,665    | 2,665    | 2,270    | 2,270    | 2,270    | 31,090    | Div 002 Net Expense                  |
|         |          |                                |         |                        |             |                              | 123      | 123      | 116      | 116      | 116      | 116      | 116      | 116      | 116      | 94       | 94       | 94       | 1,342     | Div 002 Net Expenses Allocated to TN |
| 010     | 012      | Customer Support               | 9240    | A&G-Property insurance | 04069       | Blueflame Property Insurance | 8,106    | 8,106    | 7,660    | 7,660    | 7,660    | 7,660    | 7,660    | 7,660    | 7,660    | 7,660    | 7,660    | 7,660    | 92,816    | Div 012 Gross                        |
|         |          |                                |         |                        |             |                              | (6,109)  | (6,109)  | (5,774)  | (5,774)  | (5,774)  | (5,774)  | (5,774)  | (5,774)  | (5,774)  | (6,053)  | (6,053)  | (6,053)  | (70,795)  | Div 012 Capitalized Overhead         |
|         |          |                                |         |                        |             |                              | 1,996    | 1,996    | 1,887    | 1,887    | 1,887    | 1,887    | 1,887    | 1,887    | 1,887    | 1,607    | 1,607    | 1,607    | 22,021    | Div 012 Net Expense                  |
|         |          |                                |         |                        |             |                              | 91       | 91       | 86       | 86       | 86       | 86       | 86       | 86       | 86       | 74       | 74       | 74       | 1,009     | Div 012 Net Expenses Allocated to TN |

TOTAL BLUEFLAME PROPERTY INSURANCE EXPENSE CHARGED TO TENNESSEE FOR BOTH DIRECT AND ALLOCATED **155,969**

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**Question No. 2-03**  
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**REQUEST:**

Provide the Division 093 Gross Plant in Service balances for the months of January-February 2019.

**RESPONSE:**

Please see Attachment 1

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, CPAD\_2-03\_Att1 - 093 UPIS.xlsx, 1 Page.

Atmos Energy Corporation  
093 - Tennessee Division UPIS

|                                     | January 2019       | February 2019      |
|-------------------------------------|--------------------|--------------------|
| 050.093.30200:Franch & Consent Grp  | 241,284            | 241,284            |
| 050.093.36510:Land & Land Rights    | 729,629            | 729,629            |
| 050.093.36520:Rights-Of-Way         | 348,971            | 348,971            |
| 050.093.36600:Structures & Improvem | 2,679              | 2,679              |
| 050.093.36700:Mains - Cathodic Prot | 91,687             | 91,687             |
| 050.093.36701:Mains - Steel         | 11,786,120         | 11,786,120         |
| 050.093.36900:Measuring And Reg. St | 1,690,856          | 1,690,856          |
| 050.093.37400:Land & Land Rights    | 2,154,034          | 2,154,034          |
| 050.093.37402:Land & Land Rights    | 1,701,978          | 1,701,978          |
| 050.093.37500:Structures & Improvem | 338,512            | 338,512            |
| 050.093.37600:Mains - Cathodic Prot | 1,107,190          | 1,118,674          |
| 050.093.37601:Mains - Steel         | 84,430,117         | 84,516,944         |
| 050.093.37602:Mains - Plastic       | 215,606,699        | 216,356,767        |
| 050.093.37603:Mains - Anodes        | 861,781            | 860,143            |
| 050.093.37604:Leak Clamps & Sleeves | 4,883,656          | 4,883,656          |
| 050.093.37800:Meas. And Reg. Sta. E | 15,960,772         | 15,975,788         |
| 050.093.37900:Meas & Reg Station Eq | 5,143,551          | 5,147,455          |
| 050.093.38000:Services              | 141,024,426        | 141,700,106        |
| 050.093.38100:Meters                | 40,947,080         | 41,146,550         |
| 050.093.38200:Meter Installations   | 32,998,119         | 33,089,144         |
| 050.093.38300:House Regulators      | 7,182,173          | 7,243,754          |
| 050.093.38500:Industrial Measuring  | 685,909            | 692,181            |
| 050.093.38900:Land & Land Rights    | 779,038            | 848,310            |
| 050.093.39000:Struct & Improvem Grp | 6,313,433          | 6,314,505          |
| 050.093.39003:Improvements Grp      | 12,062             | 12,062             |
| 050.093.39009:Imprvemnt-Leased Grp  | 378,619            | 378,619            |
| 050.093.39100:Office Furniture And  | 611,207            | 611,207            |
| 050.093.39200:Transp Equip-Group    | 312,078            | 312,078            |
| 050.093.39300:Stores Equipment      | 6,241              | 6,241              |
| 050.093.39400:Tools Shop And Garage | 2,615,806          | 2,725,904          |
| 050.093.39600:Power Op Equip-Group  | 144,843            | 144,843            |
| 050.093.39603:Ditchers - Group      | 19,946             | 19,946             |
| 050.093.39604:Backhoes - Group      | 51,777             | 51,777             |
| 050.093.39605:Welders - Group       | 8,349              | 8,349              |
| 050.093.39700:Communication Equipme | 168,001            | 168,001            |
| 050.093.39800:Miscellaneous Equipme | 1,886,918          | 1,886,918          |
| 050.093.39901:Oth Tang Prop - Serve | 29,383             | 29,383             |
| 050.093.39906:Pc Hardware           | 578,449            | 534,287            |
| CWIP                                | 21,694,050         | 23,560,789         |
| <b>Grand Total</b>                  | <b>605,527,423</b> | <b>609,430,131</b> |

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**REQUEST:**

Does Atmos believe the Consumer Advocate is precluded from modifying the Atmos Division 093 Capital Expenditure budget forecast under any circumstances? If so, please source to a document which supports this position.

**RESPONSE:**

The Company prepares its capital expenditure forecast in accordance with the Approved Methodologies as part of each annual forward looking filing. The Consumer Advocate has the opportunity to serve discovery upon the Company to investigate the prudence of the forecast or any other concerns it may have. To the extent it sees fit, the Consumer Advocate can support and defend any prudence concerns it may have in the form of pre-filed testimony and cross examination during an evidentiary hearing before the Commission. The Commission ultimately retains authority over rates.

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**REQUEST:**

Provide the January 31, 2019 balance of Plant in Service for Division 093.

**RESPONSE:**

Please see the Company's response to CPAD DR No. 2-03.



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**Question No. 2-06**  
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**REQUEST:**

Notwithstanding the Company's position that the ADIT balances for Division 093 should not be updated to reflect the use of the Tennessee specific excise tax rate, does the Company agree, that should such an adjustment be reflected in this docket, that the balance of "Change in NOLC" found in cell G209 within Workpaper 7-1 should not change? If the Company believes the balance should change, provide a comprehensive explanation supporting a modification to the NOLC offset submitted in the original filing, especially in light of the fact that the NOLC is a corporate amount which is allocated to Tennessee jurisdictional operations and is not directly impacted by Tennessee specific results.

**RESPONSE:**

Any change to deferred tax balances, including a modification to reflect the Tennessee specific excise tax rate, would result in a change to the NOLC activity calculated at the bottom of WP 7-1. This calculation is made to appropriately forecast NOLC generation or utilization resulting from the revenue requirement in this case. As shown on the relied file "c. ADIT to Rates Oct 2018.xlsx", the allocated NOLC recorded at the Shared Services division and referenced in this question is not projected to account for activity included in the forward looking test year in this filing. Instead, the NOLC forecast is calculated at the bottom of WP 7-1. This calculation is required to reflect the appropriate amount of deferred taxes and is necessary to comply with the normalization provisions of the IRC.

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**REQUEST:**

Identify each person you expect to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness:

- (a) Identify the field in which the witness is to be offered as an expert;
- (b) Provide complete background information including the witness's current employer as well as his or her educational, professional and employment history and qualifications within the field in which the witness is expected to testify;
- (c) Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publication and presentations or a reference to where such publications and presentations may be publicly obtained;
- (d) Provide the grounds for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- (e) Identify any matter in which the expert has testified through deposition or otherwise by specifying the name docket number and forum of each case the dates of the prior testimony and the subject of the prior testimony and identify the transcripts of any such testimony;
- (f) Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- (g) Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- (h) Produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, work papers, file notes, hart notes, tests, test results, interview notes, and consultation notes provided to reviewed by, utilized by, relied upon created by, or produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

**RESPONSE:**

In accordance with Commission rules, the Company will submit pre-filed testimony and supporting exhibits from each witness it intends to call at the hearing of this matter, including any witnesses who may offer expert testimony.

Subparts (a) through (h), see response above.

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**Question No. 2-08**  
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**REQUEST:**

Identify all persons having knowledge of discoverable matters in this case.

**RESPONSE:**

The Company objects to this request on the grounds that it is vague and indefinite in its reference to "all persons" and "discoverable matters." Atmos Energy further objects to this request on the grounds that it is unduly burdensome. Subject to and without waiving these objections, Atmos Energy would state that hundreds of its employees, both within the Division and Shared Services, as well as numerous contractors and consultants are likely to possess knowledge of discoverable matters in this case.

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**REQUEST:**

Produce copies of all documents referred to or relied upon in responding to these discovery requests.

**RESPONSE:**

To the extent a referenced or referred to document is not publicly available or has not already been provided, it has been provided.

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**REQUEST:**

Produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this docket.

**RESPONSE:**

Atmos Energy has not yet made a determination as to hearing exhibits and other documents that are planned to be introduced, used, or referenced at the hearing on the merits on this matter. To the extent that they have not already been made available, hearing exhibits will be produced in accordance with the requirements of any procedural schedule entered in this matter.

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**Question No. 2-11**  
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**REQUEST:**

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 any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

**RESPONSE:**

Such documents will be identified and/or provided with witness testimony in accordance with the procedural schedule for this proceeding.

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**Question No. 2-12**  
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**REQUEST:**

Refer to the Attachment provided in response to CPAD 1-3 in this Docket. Does the balance of Atmos' forecasted ADIT found within the balances included in WP 7-1 include book/tax timing differences for the following items:

- a. Pension Expense?
- b. Restricted Stock Program?
- c. Restricted Stock - MIP?
- d. MIP/VPP accrual?

If so, please provide these monthly book/tax timing differences incorporated into the ADIT forecast. If not, explain why such timing differences are not incorporated into the forecast.

**RESPONSE:**

No. The 4 ADIT items in the request have been removed from the ADIT balances included in the filing consistent with the Settlement Agreement in Docket No. 18-00097.