

NEAL & HARWELL, PLC

ATTORNEYS AT LAW
1201 DEMONBREUN STREET
SUITE 1000
NASHVILLE, TENNESSEE 37203

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

NEALHARWELL.COM

A. SCOTT ROSS

SROSS@NEALHARWELL.COM
(615) 238-3524 (DIRECT)

May 29, 2019

Victoria Lawless
Docket Manager
Tennessee Public Utility Commission
502 Deaderick Street, Fourth Floor
Nashville, TN 37243

VIA E-MAIL AND HAND DELIVERY

tpuc.docketroom@tn.gov

RE: Atmos Energy Corporation – Petition for Approval of Contract Regarding Gas
Commodity Requirements and Management of Transportation/Storage Contracts
Docket No. 19-00050

Dear Ms. Lawless:

Enclosed are the original and four copies of Atmos Energy Corporation's Responses to Staff's Data Requests dated May 16, 2019, to be filed in the referenced matter.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd

Enclosure

Via E-mail with Enclosures:

Michelle Mairs
David Foster
Joe Shirley

ATMOS ENERGY CORPORATION
Docket No. 19-00050
Atmos Response to First Staff Data Request

1. Please explain why the Company did not file a petition by December 1, 2018 seeking the Commission's approval of its compliance with the RFP procedures for the proposed asset management agreement to be implemented effective April 1, 2019, as provided by the Company's tariff, TRA No. 1, 4th Revised Sheet No. 45.6.

RESPONSE - Atmos Energy had not issued its RFP by December 1, 2018. In years past, Atmos Energy had issued RFPs five or more months prior to the effective date of a new agreement, in order to allow for regulatory approvals in Virginia required because of the prior affiliate relationship between Atmos Energy and its asset manager. However, in the intervening years since the last RFP, Atmos Energy has sold its marketing affiliate. The VA State Corporation Commission does not require approval in the absence of an affiliate, and Atmos Energy personnel mistakenly believed that similarly approvals would no longer be required in Tennessee because Atmos Energy no longer has a marketing affiliate. This is the first RFP that Atmos has issued in Tennessee and Virginia in the absence of a potential affiliate bidder. Believing that time for regulatory approvals was no longer a consideration, Atmos Energy issued this RFP on a timeframe that is more typical when no affiliate filings are required, that is, two to three months prior to the effective date. This timing tends to result in better pricing than RFPs issued farther in advance of the effective date.

Two misunderstandings among Company personnel caused Tennessee's December 1 filing date to be overlooked. First, Gas Supply personnel preparing the RFP were mistakenly using the seven-point RFP Procedures List from the previous Atmos Energy Tariff (2nd Revised Sheet No. 45.3 - 45.4), which had been in effect since 2007. However, in 2017 a revised Tariff was approved (3rd Revised Sheet No. 45.5 and 4th Revised Sheet No. 45.6) in Docket No. 16-00028. The only revision to the RFP Procedures was inclusion of a requirement to file a Petition for approval of compliance with the existing seven RFP procedures by December 1. The Company's last RFP was in 2015 and it had not issued an RFP since the new tariff sheets went into effect; Atmos Energy personnel missed the new requirement. Second, recalling that the RFP procedures were put into place initially because of concerns about contracting with an affiliated asset manager, Company personnel mistakenly thought that regulatory approval of the Company's compliance with the RFP procedures would no longer be required because Atmos Energy no longer has an affiliate asset manager. Atmos Energy apologizes for this misunderstanding. After counsel informed Company personnel of the filing requirements, Atmos Energy promptly moved forward with the petition in this matter.

2. Since the previous asset management agreement expired March 31, 2019, and since the proposed asset management agreement has not been approved by the Commission, please explain the procedures the Company has used since April 1, 2019 to provide for the Company's asset

management, firm natural gas supply requirements, delivered supply services, and exchange services for the Company's service areas in Tennessee.

RESPONSE - The Company is operating under the fully executed asset management agreement effective April 1, 2019. The agreement is with an unaffiliated counterparty and it provides for the Company's asset management, firm natural gas supply requirements, delivered supply services, and exchange services for the Company's service areas in Tennessee. By the terms of the Company's Tariff, at page 45.6, the Company's Petition in this matter seeks approval of its compliance with the RFP procedures stated in the Tariff. As indicated above, the Company's failure to file this Petition by the December 1 Tariff deadline was an error, for which it apologizes. By its terms, however, the Company's Tariff requires approval of its compliance with the RFP procedures, as distinguished from specific prior approval of the terms of the Asset Management Agreement itself. The Company believes that it complied with the RFP procedures in arriving at the current asset management agreement and respectfully seeks approval of its compliance in this docket. The asset management agreement effective April 1, 2019, under which the Company has been operating since April 1, provides benefits to ratepayers that they would not receive in the absence of this effective asset management agreement.

3. Until such time as the Commission may approve an asset management agreement, please explain the procedures the Company plans to use to provide the functional services described in the proposed asset management agreement.

RESPONSE - Please see the Company's responses to questions 2 & 4.

4. Since April 1, 2019, has the proposed asset manager provided any of the functional services described in the proposed asset management agreement? If so, please explain the services provided, including a description of each service, the duration of each service, and the operational and financial terms of each service.

RESPONSE - Yes, the Asset Manager has provided all of the functional services described in the asset management agreement. Please also see the Company's response to question 2.

5. Has the Company operated under the terms and conditions of the proposed asset management agreement at any time since April 1, 2019? If so, please describe the nature and extent of such operations.

RESPONSE - Please see the Company's responses to questions 2 & 4.

6. Has the Company operated under an extension of the terms and conditions of the expired asset management agreement at any time since April 1, 2019? If so, please describe the nature and extent of such operations.

RESPONSE - No. The Atmos tariff does not allow automatic extensions: "If the incumbent asset manager desires to continue its asset management relationship with the Company after expiration of its asset management agreement, it shall submit a written bid proposal in accordance with the Company's RFP procedures." The Company has no contractual authority to unilaterally extend the provisions of the expired asset management agreement. Also, please see the Company's response to question 2.

7. Has the Company made any filings with the Virginia Corporation Commission regarding the proposed asset management agreement? If so, please provide a copy of all such filings.

RESPONSE - No. As indicated in the Company's response to question 1, in the absence of an affiliate transaction, the Virginia State Corporation Commission has no filing requirement for seeking the approval of the Asset Management Agreement. After the RFP process was completed, the Company provided VSCC Staff the following RFP documents: list of parties invited to bid; bid evaluations; and summary recommendation.

8. Has the Virginia Corporation Commission issued any orders or correspondence regarding the proposed asset management agreement? If so, please provide a copy of all such orders or correspondence.

RESPONSE - No, nor are any orders or correspondence anticipated.