

IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

IN RE:

ATMOS ENERGY CORPORATION  
ANNUAL RECONCILIATION OF  
ANNUAL REVIEW MECHANISM

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DOCKET NO. 19-00076

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

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Comes the Consumer Advocate Unit of the Office of the Attorney General (Consumer Advocate) and hereby responds to the First Discovery Requests of Atmos Energy Corporation (Atmos Energy) to the Consumer Advocate filed on February 24, 2020. Each of the three discovery requests are set out on separate pages for ease of use for Atmos Energy and Staff with the Tennessee Public Utility Commission (TPUC or Commission).

**Atmos Energy Annual Reconciliation**  
**TPUC Docket No. 19-00076**  
**Atmos Energy's First Discovery Request**  
**Date Issued: February 24, 2020**

1-1. Refer to Page 11 of the Direct Testimony of William H. Novak. Mr. Novak excluded all pension funding in the current ARM reconciliation. In what future ARM proceeding, if any, does the Consumer Advocate contend that the Company should reflect that \$15.5 million in pension funding?

**RESPONSE:**

The Tennessee portion of the \$15.5 million funding, or \$824,764 would not be reflected in any future ARM filing under the Consumer Advocate proposal as the funding did not meet the established TPUC standards for inclusion in rates.

***Response provided by the Consumer Advocate on March 16, 2020.***

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**TPUC Docket No. 19-00076**  
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- 1-2. Refer to the Company's response to CPAD DR Question No. 4-01. In addition, refer generally to the Direct Testimony of William H. Novak. Atmos Energy explained in its response to CPAD DR Question No. 4-01 that it made additional contributions to avoid the Pension Benefit Guaranty Corporation (PBGC) variable rate premium (VRP). Mr. Novak's Direct Testimony does not discuss VRP.
- a. Does the Consumer Advocate contest the Company's assertion that but for its pension contributions, it would have had to pay VRP to the PBGC?
  - b. Had the Company declined to make pension contributions in excess of the minimum required contribution level and in turn had to pay VRP to the PBGC, would such VRP be properly recoverable as a just and reasonable expense? Explain your rationale.

**RESPONSE:**

- a. The Consumer Advocate has no independent knowledge of that fact. It does acknowledge that a Willis Towers Watson slide provided in response to Consumer Advocate 3-1 references the avoidance of PBGC variable rate premiums.
- b. The question does not contain sufficient information to respond. Additional factors that may impact recoverability of PBGC premiums include the following; (i) extent to which plan changes/modifications on employee eligibility and benefits has impacted net liabilities; (ii) which stakeholder should bear the risk of under-performance of market returns compared with actual; and (iii) the history of Atmos pension contributions. The recoverability of PBGC premiums would depend upon the response to these questions.

***Response provided by the Consumer Advocate on March 16, 2020.***

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- 1-3. Refer to the Company's response to CPAD DR Question No. 4-03. In addition, refer generally to the Direct Testimony of William H. Novak. Atmos Energy explained in its response to CPAD DR Question No. 4-03 that future minimum required pension contributions are based, in part, on past contributions. Mr. Novak's Direct Testimony does not discuss the impact of the Company's pension contributions on future years' minimum pension contribution requirement calculations.

Does the Consumer Advocate contest the Company's assertion that future minimum pension contribution requirements will be lower than they otherwise would have been without the pension contributions that Mr. Novak seeks to disallow?

**RESPONSE:**

No.

*Response provided by the Consumer Advocate on March 16, 2020.*

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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 16<sup>th</sup> day of March, 2020.

  
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KAREN H. STACHOWSKI  
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