

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

**RULEMAKING PROCEEDING TO )  
PROMULGATE RULES FOR THE )  
EVALUATION OF UTILITY ) Docket No. 20-00025  
ACQUISITIONS )**

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**COMMENTS OF ATMOS ENERGY CORPORATION**

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Pursuant to the Notice of Follow-Up Workshop to Explore Standards for Utility Acquisitions issued by the Tennessee Public Utility Commission (the “Commission”) on April 1, 2021, Atmos Energy Corporation (“Atmos Energy” or the “Company”) respectfully submits these second round of Comments on the proposed Rules for the Evaluation of Utility Acquisitions.

First, the Company thanks the Commission Staff for its efforts and working with industry stakeholders since the March 9, 2020 Order issued by the Commission to open a rulemaking proceeding to promulgate rules for the evaluation of public utility acquisitions.<sup>1</sup> The Company has since submitted a round of comments to this proceeding<sup>2</sup>, as well as participated in the first informal workshop technical workshop as part of this Docket.<sup>3</sup> Following the initial comment period and informal technical workshop, the Commission issued the Notice of Follow-up

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<sup>1</sup> *In re: Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions*, Docket No. 20-00025, *Order to Open a Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions* (Mar. 9, 2020).

<sup>2</sup> *In re: Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions*, Docket No. 20-00025, *Comments of Atmos Energy Corporation (with Exhibits 1 Through 12)* (July 1, 2020); *see also In re: Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions*, Docket No. 20-00025, *Atmos Energy Corporation's Redlines to Proposed Rules* (July 1, 2020).

<sup>3</sup> *In re: Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions*, Docket No. 20-00025, *Notice of Informal Technical Workshop to Explore Standards for Utility Acquisitions* (Nov. 30, 2020).

Workshop to discuss the proposed rules related to procedural and substantive standards for public utility acquisitions as revised and redrafted by Commission Staff.<sup>4</sup>

As the Company noted in its initial comments, the Company is motivated in promoting a rulemaking that establishes a transparent process promoting regulatory certainty for utility acquisitions that ensures continued safe and reliable operations of these utility systems.<sup>5</sup> The Proposed Rule 1220-04-14 Utility Acquisitions (“Proposed Rule 1220-04-14”) attached to the April 1, 2021 Notice of Follow-up Workshop to Explore Standards for the Utility Acquisitions achieves the goal of a transparent process. Moreover, Proposed Rule 1220-04-14 strikes a balance between the obligations and rights between the customer and the public utility, sometimes referred to as the regulatory compact, that will ensure applications filed under Proposed Rule 1220-04-14 will be in the public interest for the customers of both the selling utility and the acquiring utility. The Company believes that Proposed Rule 1220-04-14 submitted by the Commission following stakeholder input strikes a reasonable balance in evaluating the acquired rate base to be incorporated into the acquiring utility’s rate for ratemaking purposes and allowing the Commission to evaluate each acquisition on a stand-alone basis for determination if the acquisition is in the public interest while removing barriers that existed in the initial draft of Rule 1220-04-14.

The Company would note that it is likely that not all selling utilities will be similarly situated, meaning it may not be possible to provide all records contemplated by the Proposed Rule in every instance. Specifically, as it relates to Proposed Rule 1220-04-14-.08(2), the Company believes there could be several instances where waivers could be made necessary by limits in the recordkeeping and data available from the selling utility. For instance, while the proposed capital

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<sup>4</sup> *In re: Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions*, Docket No. 20-00025, *Notice of Follow-Up Workshop to Explore Standards for Utility Acquisitions* (April 1, 2021).

<sup>5</sup> *In re: Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions*, Docket No. 20-00025, *Comments of Atmos Energy Corporation (with Exhibits 1 Through 12)* (July 1, 2020)

detail required by Proposed Rule 12-04-14-.08(2)(g) will be based on due diligence conducted in the process of arriving at an acquisition agreement for an additional three years for a selling utility's system or service, the Company could identify additional items when reevaluating the annual capital budget plan after closing due to a selling utility's incomplete records. In all instances, the Company would seek to work with Commission Staff to be responsive in providing documentation as necessary for the evaluation of each proposed acquisition and would alert the Commission to material changes to anticipated capital investment post-acquisition.

Atmos Energy thanks the Commission for consideration of these Comments and looks forward to further discussion on this rulemaking.

Respectfully submitted,

**NEAL & HARWELL, PLC**

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