

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

IN RE:)	
)	
ATMOS ENERGY CORPORATION)	DOCKET NO. 21-00019
FOR APPROVAL OF ITS 2021 ANNUAL RATE)	
REVIEW FILING PURSUANT TO TENN.)	
CODE ANN. § 65-5-103(d)(6))	

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

To: Erik Lybeck, Esq.
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This First Discovery Request is hereby served upon Atmos Energy Corporation (“Company” or “Atmos Energy”), 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, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Karen H. Stachowski, on or before 2:00 p.m. (CDT), March 4, 2021.

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 Energy”** 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. Schedule 3 identifies the Base period per books cost of gas at \$60,011,260. Identify the appropriate accounts within the file “General Ledger FY20 – Division 093” which comprise this balance. If this is not the appropriate file to tie out this balance, identify the appropriate file to do this reconciliation.

RESPONSE:

1-2. Refer to “Schedule f Essbase Support Final FY 20”. Regarding Account 4310 totaling (\$116,614), provide the following:

- a. Describe the nature of the this ‘Other Interest Expense’ credit;
- b. Indicate where within the revenue requirement filing this credit balance is reflected; and
- c. If such balance is not incorporated into the revenue requirement, provide the rationale for its exclusion.

RESPONSE:

1-3. Refer to “Schedule f Essbase Support Final FY 20”. Regarding accounts 4211 and 4212, provide the following:

- a. Fully describe the transactions and property giving rise to the entries in these two accounts in October, November, and December 2020, as well as April 2021. In addition to the description, provide the net book value of involved assets, the date(s) such assets were placed in service and the acquiring entity.
- b. Confirm that such gains and losses are not incorporated into the revenue requirement in this proceeding.
- c. Provide the rationale for not recognizing these transactions as part of the revenue requirement.

RESPONSE:

1-4. Refer to “Schedule f Essbase Support Final FY 20”. Regarding account 4191, whose balance for the fiscal year end September 2020 was \$843,250, provide the following:

- a. Confirm that this account is not incorporated into the revenue requirement. If this cannot be confirmed, identify where within the filing this account may be found.
- b. If applicable provide the rationale for not recognizing this account balance within the revenue requirement.

RESPONSE:

1-5. Refer to “Schedule f Essbase Support Final FY 20”. Regarding account 4210 whose balance for the fiscal year end September 2020 was \$1,958,558, provide the following:

- a. Provide a comprehensive explanation of the nature of the transactions within this account.
- b. Provide the rationale for excluding such balances from the revenue requirement.

RESPONSE:

1-6. Regarding the implications of the COVID-19 pandemic on the operations of Atmos Energy for the twelve-months ended September 30, 2020 provide the following:

- a. Quantify the monthly throughput impact of Covid-19 by customer class.
- b. Quantify the monthly impact on miscellaneous revenue due to Covid-19.
- c. Quantify the monthly impact on uncollectible expense due to Covid-19.
- d. Quantify the impact on Operating and Maintenance Expense for each type of cost impacted by Covid-19 by account.

For each item identified above provide all underlying workpapers supporting each of the identified impacts as well as identification of assumptions relied upon.

RESPONSE:

1-7. Regarding the Cash Working Capital calculation as reflected within tab WP7-7, given the modification to regulatory lag reflected within TPUC Docket No. 18-00112 approved by the Commission¹, provide the rationale for including the return on equity and depreciation expense (non-cash) within the balance of the Daily Cost of Service.

RESPONSE:

1-8. Regarding WP 7-9 please respond to the following:

- a. Understanding the schedule was prepared prior to the February Commission conference adopting a three-year amortization of the Unprotected Excess Accumulated Deferred Income Taxes, does the Company intend to accelerate such amortization in June 2021 as depicted within this file?
- b. Provide a detailed explanation of the Company's position regarding the timing of the accelerated amortization.

¹ *Order Approving Stipulation and Settlement Agreement*, TPUC Docket No. 18-00112 (December 16, 2019).

RESPONSE:

- 1-9. Regarding the Excess ADIT balances contained in the filing, we note that the general ledger balance has been included as of September 30, 2020 filing of \$27,294,830 compared with the balance stated in the Settlement Agreement which is \$29,337,265.² The amortization schedule on WP 7-9 begins with balances as of June 30, 2019 totaling \$28,279,265. Provide a reconciliation which includes all amortizations occurring prior to June 30, 2019 and also incorporate any other reconciliations necessary to tie to the \$29,337,265 identified settlement balance.

RESPONSE:

- 1-10. Regarding file “dd FY 20 Historic Base Period Billing Determinants”, identify the source of data contained within the Data-Link tab. Provide a copy of the final monthly revenue reports for the 12-month period ending September 2020.

RESPONSE:

- 1-11. Refer to schedule “p. O&M Summary Historic Year Sep 20”, specifically tabs 002 detail and 012 detail. The total for the Miscellaneous category (Tennessee jurisdictional) within the two tabs is (\$3,773,252), while the credit for this category within tab WP 4-1 is (\$3,909,755) for a difference of \$136,503. Please reconcile these balances.

RESPONSE:

- 1-12. Identify the Tennessee jurisdictional portion of any charges for the following items incorporated within the revenue requirement request in the current docket:

² *Stipulation and Settlement Agreement*, TPUC Docket No 18-00034 (November 4, 2021) and *Atmos Energy Corporation’s Responses to the Tennessee Public Utility Staff Data Request Set No.3*, Staff DR No. 3-2 (January 22, 2021).

- a. Corporate owned aircraft; and
- b. Labor and benefit costs associated with employees who pilot the corporate aircraft.

RESPONSE:

1-13. Refer to the file “dd.FY20 Historic Base Period Billing Determinants (Confidential)”.

Refer to the tab Sch 11-1. Provide a comprehensive explanation and reconciliation of the difference between the WNA margin references in excel columns K and R.

RESPONSE:

1-14. The WNA Rider within the Atmos Energy tariff indicates the WNA mechanism is applicable for residential and commercial bills for the months of October through April (winter only). However, within the various weather station tabs within file “TN WNA Calculation” it appears a weather normalization adjustment was calculated for the non-winter months. Regarding this information, provide the following:

- a. Confirm that Atmos Energy/TN applied the weather normalization adjustment to applicable customer bills during the non-winter months.
- b. Provide a comprehensive explanation supporting the weather normalization calculation to non-winter months.

RESPONSE:

1-15. Refer to the file ADIT to Rates Sep 2020. Provide support underlying the September 2020 balance of State Net Operating Loss (\$4,832,811) and State Bonus Depreciation (\$4,906,257).

RESPONSE:

1-16. Regarding the file “n. ADIT to Rates Sep 2020”, provide the buildup of the September 2020 balance of the NOL Credit Carryforward – Non-Reg and NOL Credit Carryforward – Other. This support should include the support for the most recent three years in which the NOL was created. This analysis should include the underlying calculation for the three

years in question as well as an identification of the annual NOL from prior years comprising the September 2020 balance. The support should also identify any assumptions used in associating the NOL with non-regulated operations. Provide a full explanation of the transactions which gave rise to a non-regulated ADIT NOL credit.

RESPONSE:

1-17. Regarding AGA dues, provide the following:

- a. Identify the total amount of AGA dues recorded to expense and contained in this ARM request within the test period.
- b. Of the total AGA dues incurred during the test period, identify the account(s) charged on the books of Atmos Energy/Tennessee.

RESPONSE:

1-18. Provide a copy of all invoices and all accompanying support for legal services whose costs were charged to the books of Company 93 and 91 during the test period.

RESPONSE:

1-19. Refer to the attached excel file “Discovery Sample Transactions”. Provide the invoice support for each transaction listed within this file, with a separate pdf for each identified item.

RESPONSE:

1-20. Regarding Schedule p O&M Summary Historic Year Sep 20, tab 093, provide support and underlying calculations for the \$459,107 recording in September 2020. Provide the corresponding balances in the months of October – December 2020.

RESPONSE:

1-21. Regarding Schedule “p O&M Summary Historic Year Sep 20”, tab 093. Provide invoice support for the \$551,579 in charges recorded as Outside Services in October 2019.

RESPONSE:

1-22. Refer to the tab 002 Essbase, within the file “p. O&M Summary Historic Year Sep 20”. Provide a breakdown of the \$3,152,807 in Operating and Maintenance costs which were not billed out to affiliates, including an identification of the applicable cost centers comprising the excluded amounts. Provide a comprehensive discussion of the nature of such costs by cost category identified in Column A, along with the rationale for not allocating such costs.

RESPONSE:

1-23. Refer to the tab 002 within the file “p. O&M Summary Historic Year Sep 20” and respond to the following:

- a. With respect to codes 4126, 4127 and 4129, provide a comprehensive description of the costs incurred within these cost codes.
- b. Provide a comprehensive explanation whether any of these types of costs were incorporated into the cost of debt calculation adopted in the most recent Atmos Energy base rate case.

RESPONSE:

1-24. Please refer to the tab 002 within the file “p. O&M Summary Historic Year Sep 20”, provide the March and August 2020 cost detail for cost center 5419. Such cost detail should identify each transaction comprising the monthly balance.

RESPONSE:

1-25. Identify the Tennessee portion of Supplemental Executive Retirement Program costs included within this application as well as providing the underlying calculation supporting total company costs prior to allocation to Tennessee.

RESPONSE:

1-26. Provide a listing of outside vendors and associated costs for any such charge recorded as an expense, by division, for the September 2020 test period.

RESPONSE:

1-27. Refer to the tab 002 within the file “p. O&M Summary Historic Year Sep 20”. Provide a comprehensive explanation describing the accounts charged on the books of Divisions 91 (if applicable) and 93 associated with the (\$87,151,635) credit reflected within this schedule. To the extent some of the debits associated with these charges are capitalized, provide the total amounts included in Rate Base in this filing associated with FY 2020 investment.

RESPONSE:

1-28. Provide the average cost per installed service line during the test period, including the gross cost of installs as well as the number of installed services.

RESPONSE:

1-29. Provide the underlying calculation supporting the installed cost of mains on a per mile basis.

RESPONSE:

RESPECTFULLY SUBMITTED,



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Assistant Attorney General

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*In re: Petition of Atmos Energy Corporation For Approval of its 2021 Annual Rate Review
Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*

TPUC Docket No. 21-00019

Consumer Advocates 1st Discovery Request to Atmos Energy

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:

Erik Lybeck, Esq.
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This the 26th day of February, 2021.



KAREN H. STACHOWSKI

Assistant Attorney General

Atmos Energy Corporation
ARM Filing
Docket 21-00019

Invoice/Document Support Sampling

Source: General Ledger FY20 - Division 093

LINE ITEM	PERIOD NAME	POSTED DATE	SOURCE	CATEGORY	DESCRIPTION	COMPANY	COST CENTER	ACCOUNT	SUBACCOUNT	DIVISION	ACCOUNTED DR	ACCOUNTED CR
1	OCT-19	10/2/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	050	0000	1840	27002	093000	39,559	-
2	OCT-19	10/8/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	050	3307	8740	06111	093000	273,900	-
3	OCT-19	10/14/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	050	0000	2320	21136	093000	305,143	3,631
4	JAN-20	1/15/2020	Payables	Purchase Invoices	JAN-20 Purchase Invoices USD	050	2604	9230	06121	093000	22,020	-
5	DEC-19	12/26/2019	Payables	Purchase Invoices	DEC-19 Purchase Invoices USD	050	3304	9230	06121	093000	22,386	-
6	NOV-19	11/8/2019	Payables	Purchase Invoices	NOV-19 Purchase Invoices USD	050	2612	9210	04070	093000	36,815	-
7	JUL-20	7/31/2020	Spreadsheet	Accrual	010-005 Accrual USD	050	3307	9240	04069	093000	27,459	-
8	OCT-19	10/23/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	050	3304	9230	06121	093000	5,583	-
9	OCT-19	10/25/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	050	3304	9230	06121	093000	9,690	-
10	OCT-19	10/31/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	050	3304	9230	06121	093000	8,091	-
	AUG-20	9/4/2020	Spreadsheet	Adjustment	030-023 Adjustment USD	050	3308	9302	07510	093000	15,000	-

Source: General Ledger FY 20 Division 091

11	APR-20	5/7/2020	MassAllocation	SSU Billing	Reverses "SSU-PR 1910 Ops Billing Costs Mid St ATO"07-MAY-2020 13:1	050	3307	9220	41123	091000	726,075	-
12	APR-20	5/8/2020	MassAllocation	SSU Billing	Reverses "SSU-PR 1910 Ops Billing Costs Mid St ATO"08-MAY-2020 12:0	050	3307	9220	41123	091000	726,075	-

Source: General Ledger FY20 - Company 10

13	OCT-19	11/7/2019	Spreadsheet	Accrual	010-100 Accrual USD	010	1105	9230	06111	002000	480,000	-
14	OCT-19	10/14/2019	Payables	Purchase Invoices	OCT-19 Purchase Invoices USD	010	1903	9230	06121	002000	77,840	-
15	OCT-19	10/3/2019	Spreadsheet	Adjustment	Reverses "030-004 Adjustment USD"03-OCT-2019 00:00:38	010	1108	9230	06111	002000	205,224	31,300
16	APR-20	5/7/2020	Spreadsheet	Other	010-109-3 Other USD	010	1903	9302	06111	002000	1,555,622	-
17	JUL-20	7/6/2020	Payables	Purchase Invoices	JUL-20 Purchase Invoices USD	010	1903	9302	06111	002000	1,022,356	503,750
18	MAY-20	6/4/2020	Spreadsheet	Amortization	010-002 Amortization USD	010	1915	9250	07121	002000	2,115,654	-