

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

IN RE:

**ATMOS ENERGY CORPORATION
FOR APPROVAL OF ITS 2021 ANNUAL RATE
REVIEW FILING PURSUANT TO TENN.
CODE ANN. § 65-5-103(d)(6)**

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DOCKET NO. 21-00019

**CONSUMER ADVOCATE'S SECOND DISCOVERY REQUEST
TO ATMOS ENERGY CORPORATION**

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This Second 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 19, 2021.

PRELIMINARY MATTERS AND DEFINITIONS

These additional discovery requests incorporate the same Preliminary Matters and Definitions set forth in the First Discovery Request of the Consumer Advocate served on the Company and counsel to the Company on February 26, 2021, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Atmos Energy, and any Atmos Energy affiliate, which would make a prior response inaccurate, incomplete, or incorrect.

SECOND DISCOVERY REQUESTS

2-1.

[REDACTED]

[REDACTED]:

a.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

b.

[REDACTED]
[REDACTED]
[REDACTED].

c.

[REDACTED]
[REDACTED]
[REDACTED].

RESPONSE:

2-2. Regarding the division 2 balance of 925, subaccount 07121, provide all internal memoranda and reports documenting or discussing the reason for the increase in these costs compared with costs in prior periods.

RESPONSE:

- 2-3. Regarding the file <FY20 Composite to rates>, describe in detail the timing of when new allocation factors are computed and the date such updates are applied to the books and records of the Company. For example, within the 4-Factor composite tab, the company outlines the various factors presumably based up on the 12-month data ended September 2019. Are fiscal year 2020 costs allocated to divisions adjusted to exclusively reflect these updated factors from the prior period once they become available?

RESPONSE:

- 2-4. Regarding the file <FY 20 Composite to rates>, provide a comprehensive explanation differentiating how the four factor composite allocation factors are used contrasted with the three-factor allocation factors.

RESPONSE:

- 2-5. Regarding the Company's Response to Consumer Advocate DR No. 1-18, Attachment 1, respond to the following:
- a. There are various individual time entries for services provided by McGuire Woods indicating that work was performed researching FERC filings for client information. Provide all available justification for recording those costs to the mid-state's region rather than Atmos Energy division 2, which encompasses all Atmos divisions.
 - b. The May 2020 and June 2020 invoices from McGuire Woods reference work performed related to the Panhandle rate case. Provide an explanation of how Panhandle services Atmos Energy's mid-state region, including Atmos Energy's Tennessee operations. If Panhandle costs are incorporated within the Company's PGA mechanism, provide evidence of such within this response. Within this response, confirm that Atmos Energy's Kansas operations are served by Panhandle.
 - c. Beginning on PDF page 58, there is an invoice from Hunton Andrews Kurth LLP (as well as invoices in Attachment 3). With respect to these costs, provide a comprehensive description of why such costs should be included within the revenue

requirement linking such response to the justification for inclusion of the referenced financing costs in this filing. Also, identify the division in which these costs were charged.

RESPONSE:

2-6. Regarding the Company's Response to Consumer Advocate DR No. 1-18, Attachment 3, respond to the following:

- a. A copy of the pleading and/or complaint regarding the case of Mildred C. Clark v. Atmos Energy Corporation.
- b. A summary by cost type of the costs incurred in the test period associated with the processing and resolution (if applicable) of this case by category of cost.
- c. Regarding the November 2019 invoice from McGuire Woods referencing work performed related to the Columbia Gulf rate case, provide an explanation of how Columbia Gulf services Atmos Energy's mid-state region, including Atmos Energy's Tennessee operations.
- d. Regarding the invoice on PDF page 92 which refers to work performed regarding a case involving Northern Natural, identify the Company's divisions served off Northern Natural. To the extent such divisions differ from the three states within the Atmos Energy's mid-state region, provide the rationale for assigning such costs exclusively to the mid-state region.

RESPONSE:

2-7. Certain invoices provided in the Company's Response to Consumer Advocate DR No. 1-18 includes costs for services incurred prior to the test period. Does Atmos Energy acknowledge costs incurred prior to the test period should be removed from the revenue requirement reconciliation? If not, provide the rationale for including such costs within the revenue requirement in this unique ARM filing.

RESPONSE:

2-8. Regarding the monthly debits/credits associated with account 9250/07115 contained in the attachment to the Company's Response for Consumer Advocate DR No. 1-22, respond to the following:

- a. Identify the account(s), subaccount(s), and applicable division where the offsetting entries were recorded.
- b. The net activity for this account/subaccount during the test period was a credit of (\$400,000). To the extent any of the debits identified in the response to part a above are reflected in the present revenue requirement, provide a comprehensive explanation given rise to the expense recordings in the test period and the justification for recovery in the revenue requirement.

RESPONSE:

2-9. Provide the justification for recovery of costs associated with funding for the Northeast Tennessee Regional Economic Partnership.

RESPONSE:

2-10. Regarding the Company's Response to Consumer Advocate DR No. 1-3 outlining the gains on the sale of utility property, does Atmos Energy believe the appropriate regulatory treatment associated with gains on the sale of utility assets is a settled ratemaking issue within its ARM mechanism? If so, provide the rationale and any available support for this conclusion.

RESPONSE:

2-11. Regarding the Company's Response and Attachment to Consumer Advocate DR No. 1-21, provide invoice support for the following vendor/costs:

- a. Triton Construction Company - \$146,218;
- b. Triton Construction Company - \$19,800; and
- c. Energy Land and Infrastructure - \$15,574.

RESPONSE:

2-12. Provide a comprehensive explanation of any accrual entries recorded in September 2019 on the books of Company 093 for the purpose of accruing for services incurred in September or months prior to September, which were then reversed and recorded as a credit entry in October 2019. For purposes of this question, limit the response to accruals and reversals associated with services provided by third-party vendors. To the extent such accrual reversals exist, explain how they ensure that the net charges for vendor payments in October 2019 accurately reflect accrued costs actually incurred in October. Provide all analytical support for this conclusion.

RESPONSE:

2-13. Provide a copy of the actuarial reports supporting the exclusion of the FAS 87 accruals as contained on WP 4-1 within the Company's revenue requirement schedules. Further, provide a reconciliation between the amounts contained in the actuarial reports and amounts included within WP 4-1, identified as excluded items.

RESPONSE:

2-14. Refer to the Company's Response to Consumer Advocate DR No. 1-25 within this docket. Also please refer to the Company's Response and Attachment to CAPD 1-019 Att1 within TPUC Docket No. 14-00146. Respond to the following:

- a. Provide the underlying calculations and actuarial reports supporting the calculation of non-qualified retirement and SERP costs identified in the Company's Response to Consumer Advocate DR No. 1-25.
- b. Does the company agree that costs identified as SEBP Qualified Plan for Retirees was excluded in the revenue requirement in TPUC Docket No. 14-00146? If not,

provide the rationale for your conclusion. Further, confirm that the acronym SEBP refers to Supplemental Employee Benefit Plan.

- c. Does the Company agree that the costs identified as SEBP Qualified Plan for Retirees referenced within the Company's Response to CAPD 1-019 Att1 in TPUC Docket No. 14-00146 are the same type of costs referenced in the Company's Response to Consumer Advocate DR No. 1-25 and included in this filing? If not, provide a comprehensive distinction between the two types of costs referenced within this request.

RESPONSE:

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 12th day of March, 2021.



KAREN H. STACHOWSKI
Assistant Attorney General