

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

**IN RE:**

**ATMOS ENERGY CORPORATION  
FOR APPROVAL OF ITS 2022 ANNUAL RATE  
REVIEW FILING PURSUANT TO TENN.  
CODE ANN. § 65-5-103(d)(6)**

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**DOCKET NO. 22-00010**

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**PETITION TO INTERVENE**

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The Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General (“Consumer Advocate”), by and through counsel, pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission (“TPUC” or the “Commission”) to grant the Consumer Advocate’s intervention into this proceeding because consumers’ interests, rights, duties, or privileges may be determined or affected by the *Petition of Atmos Energy Corporation for Approval of Its 2022 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)* (“Petition”) filed in TPUC Docket No. 22-00010. For cause, Petitioner would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public utility services by initiating and intervening as a party in any matter or proceeding before the Commission in accordance with the Uniform Administrative Procedures Act (Tenn. Code Ann. §§ 4-5-101, *et seq.*) and TPUC rules.

2. Atmos Energy Corporation (“Atmos Energy” or the “Company”) is a public utility regulated by the Commission and provides natural gas service to more than 152,000 residential, commercial, and industrial customers in Tennessee.

3. The Company's principal place of business is located at 5430 LBJ Freeway, Suite 1800, Dallas, Texas 75240.

4. Atmos Energy's Petition requests an increase in rates to be paid by Atmos Energy's customers in Tennessee in the amount of \$3,662,160.<sup>1</sup>

5. The Petition also requests approval for four deviations from the methodologies established in the approved *Stipulation and Settlement Agreement*<sup>2</sup> in TRA<sup>3</sup> Docket No. 14-00146, which are as follows:<sup>4</sup>

- i. Capital Structure and Deferred Tax Asset (DTA) NOL ADIT Adjustments due to Winter Storm Uri.

The Company's Texas, Kansas, and Colorado operations were impacted by extraordinary gas costs in February of 2022. In response to this event the Company issued \$2.2 billion in 2 year debt to ensure the Company's liquidity was sufficient and the extraordinary gas costs impact on ongoing operations would be minimized while a longer-term solution for spreading the costs out over a period beyond the next gas cost recovery period (which is annual) could be worked out with regulators in these three states. The Company anticipates that the full \$2.2 billion will be securitized prior to the end of 2022, the majority of which will be through the Texas Finance Authority, \$2.022 billion and \$89.3 million related to Kansas in a securitization subsidiary of Atmos Energy. The Colorado portion is currently being recovered through a special bill charge over 1 – 2 years. Although the financing and ADIT item are recorded at the Shared Services level of the Company, the exclusion of these items is appropriate because it did not impact our Tennessee operations. This exception to the methodology will need to be in effect for the FY 2021 filing (made in February 2022) as well as the FY 2022 filing (to be made in February 2023).

- ii. Actual Adjusted Revenue to Annual Reconciliation Revenue Requirement (ARRR).

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<sup>1</sup> *Pre-Filed Testimony of William D. Matthews on Behalf of Atmos Energy Corporation* (Direct Testimony of William Matthews) at 4:4-5, TPUC Docket No. 22-00010 (February 1, 2022).

<sup>2</sup> *Order Approving Settlement, In Re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of An Annual Rate Review Mechanism Under T.C.A 65-5-103(d)(6)*, TRA Docket No. 14-00146 (November 4, 2015).

<sup>3</sup> The Tennessee Regulatory Authority, or TRA, is the predecessor agency to the TPUC, just as the Tennessee Public Service Commission predated the TRA. While the nomenclature has changed, the scope and function of these entities has remained essentially the same.

<sup>4</sup> Direct Testimony of William Matthews at 3:15-17. The deviations are described in the Company's Attachment A to the Certification included in its filing. Petition at Attachment A.

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The FY 2021 filing is the first filing to include a Historical Test Period that does not overlap with the future test period therefore the methodology must be updated to reflect the exclusion of ARRR revenue that aligns with the rates in effect between October-May and June-September. In this instance the rates from Docket No. 19-00076 were in effect between October 2020-May 2021 and rates from Docket No. 21-00019 were in effect between June 2021- October 2021.

iii. Excess Deferred Income Tax Amortization.

The FY 2021 filing is the first filing to include a Historical Test Period that does not overlap with the future test period therefore the methodology must be updated to reflect the exclusion of impact to revenue that relates to Excess Deferred Income Tax Amortization. Excess Deferred Income Tax Amortization is calculated outside the cost of service and deducted from the rate change therefore the reduction in rates must be accounted for in calculating the ARRR. Moreover, similar to the ARRR discussion above, the impact accounted for must align with the rates in effect between October -May and June-September. In this instance the rates from Docket No. 19-00076 were in effect between October 2020 -May 2021 and rates from Docket No. 21-00019 were in effect between June 2021 – October 2021.

iv. WP 7-10 - TN Deferred Interest, Depreciation, & Ad Valorem Tax Expense.

The FY 2021 filing is the first filing to include a Historical Test Period that contains a full 13 months of Deferred Reg Asset on WP 7-10 therefore the methodology has been updated to reflect the 13 month average. The initial Historical Test Period ARM filing only contained 4 months of Deferred Reg Asset on WP 7-10. This change will apply to all future ARM filings.

6. Consumers' interests, including without limitation the proposed increase in rates to be paid by consumers under the Petition, may be affected by determinations and orders made by the Commission with respect to: (i) the interpretation, application, and/or implementation of Tenn. Code Ann. § 65-5-103(a), Tenn. Code Ann. § 65-5-103(d), and other relevant statutory and regulatory provisions; (ii) the review and analysis of the documentation, financial spreadsheets, and materials provided by Atmos Energy; and (iii) the interpretation, application, and/or implementation of the terms and conditions of the Commission's Orders in TPUC Docket Nos. 14-00146, 15-00089, 16-00013, 16-00105, 17-00012, 17-00091, 18-00067, 18-00097, 18-00112,


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19-00076, and 21-0019, as well as the related settlement agreements as applicable in those Dockets.

7. Only by participating as a party to this proceeding can the Consumer Advocate adequately carry out its statutory duty to represent the interests of Tennessee consumers.

Accordingly, the Consumer Advocate respectfully requests the Commission to grant this Petition to Intervene.

RESPECTFULLY SUBMITTED,

  
**HERBERT H. SLATTERY III**  
Attorney General and Reporter  
State of Tennessee  
B.P.R. No. 009077

  
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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Petition to Intervene was served via U.S. Mail, with a courtesy copy by electronic mail upon:

Erik Lybeck, Esq.  
Neal & Harwell, PLC  
1201 Demonbreun Street, Suite 1000  
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[elybeck@nealharwell.com](mailto:elybeck@nealharwell.com)

This 14<sup>th</sup> day of February, 2022.

Karen H. Stachowski  
KAREN H. STACHOWSKI