

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

July 31, 2023

IN RE:

**ATMOS ENERGY CORPORATION 2021 THROUGH
2022 ACA FILING FOR TENNESSEE EXCLUDING
UNION CITY AND FOR UNION CITY TENNESSEE**

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**DOCKET NO.
22-00084**

**ORDER ADOPTING ACA AUDIT REPORT OF
TENNESSEE PUBLIC UTILITY COMMISSION’S UTILITIES DIVISION**

This matter came before Commissioner Robin L. Morrison, Commissioner Clay R. Good, Commissioner Kenneth C. Hill, Commissioner David Crowell, and Commissioner John Hie of the Tennessee Public Utility Commission (the “Commission” or “TPUC”), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on June 20, 2023 to consider the report of the Commission’s Utilities Division (the “Staff”) resulting from the Staff’s audit of Atmos Energy Corporation (“Atmos” or the “Company”) annual deferred gas cost account filing for the period ended June 30, 2022. The Actual Cost Adjustment (“ACA”) Compliance Audit Report (the “Report”) is attached hereto as Exhibit 1 and incorporated by this reference.

The Company filed its ACA filing on August 31, 2022. The Staff completed its audit of the Company’s filing and filed its Report on June 2, 2023.¹ On September 26, 2022, the Consumer Advocate Division filed a petition to intervene, which was granted on October 26,

¹ The original deadline for the completion and approval of the ACA Audit was February 27, 2023. Audit Staff by rule has 180 days to complete its audit. The audit deadline, however, may be extended by mutual agreement between Staff and the Company or by action of the Commission. See Commission PGA Rule 1220-04-07-.03(2). The Staff requested an extension of the audit deadline as evidenced by the Staff memo filed in this docket on February 08, 2023. The deadline was initially extended to April 30, 2023 and subsequently to June 30, 2023 by mutual consent of Staff and Atmos as evidenced by the memo filed in the docket on April 20, 2023.

2022. On February 2, 2023, the Consumer Advocate filed a records request under Tenn. Code Ann. § 65-4-118 to receive copies of all confidential filings in the docket file, including Company responses to Staff data requests. The Commission responded appropriately on February 10, 2023.² The Consumer Advocate has submitted no other filings in this matter. On February 9, 2023, the Commission filed its *Notice of Designation of Staff Participating as a Party*, designating the staff members that would not participate in an advisory capacity in the Docket.

The objective of the audit is to verify that the Company's calculations of gas costs incurred and recovered were materially correct and that the Company has followed all Commission orders and directives with respect to its ACA account balance. Based on the Company's filing, the ending balance reported by Atmos in the ACA Account as of June 30, 2022 was \$6,890,619.25. Of this amount \$572,414.09 reflected under-recovered gas costs for the Union City filing and an ACA Account balance of \$6,318,205.16 in under-recovered gas costs for the East Tennessee filing.³ The Report included five findings:

1. The Company over-stated the gas procurement activities in its current ACA filing. Atmos did not credit pipeline refunds to the ETN ACA Account for the period January 2021 to July 2021. This resulted in an overstatement of its purchased gas costs by a net total of \$2,235,076.60. Audit Staff corrected this error by reducing the under-collected ACA Account balance by this amount. Atmos agreed to Audit Staff's adjustment of the ACA Account balance. The Company interpreted tariff language to require a separate refund factor and not through the ACA factor.⁴

² See Consumer Advocate's Records Request Re: Atmos Energy Corporation, Annual Cost Adjustment (ACA) Filing for the Period July 1, 2021 Through June 30, 2022 (February 2, 2023); Commission Response to Consumer Advocate Request for Records Under Tenn. Code Ann. § 65-4-118 Filed February 2, 2023 (February 10, 2023).

³ *Notice of Filing by the Utilities Division of the Tennessee Public Utility Commission*, Exh. A, p. 1 (June 2, 2023).

⁴ *Id.* at 2.

2. The second finding relates to finding number 1 above. The separate refund credits implemented by the Company for four months (March 2022 to June 2022) were not included in the ACA filing. To correct the error, Audit Staff calculated the amount of ETN Commodity and Demand refunds based on the refund rates used by Atmos. The Commodity refund was \$14,878.36 and the Demand refund was \$667,416.37, for a net total of \$682,294.73. The result was an increase to the Company's reported under-collected balance by this amount. The Company agrees with the Audit Staff's calculated adjustment. The remaining refunds during the months of July 2022 through February 2023, which fall outside the current audit period, will be credited in the next ACA filing covering the period July 2022 through June 2023.⁵

3. Atmos did not include the prior period WNA finding in the current ACA filing in compliance with the Commission's Order in Atmos WNA Docket No. 21-00082. The amount of the WNA adjustment was an over-collection of \$56,547.58, which decreases the Company's reported ACA Account balance on June 30, 2022, by this amount. The Company agrees with this finding.⁶

4. The Company understated the storage injection cost for the month of July 2021 which ultimately affected the average cost of gas in storage and the withdrawal cost. The net impact was a decrease to commodity costs of \$54.38, and the Company agreed with this finding.⁷

⁵ *Id.* at 6.

⁶ *Id.* at 7.

⁷ *Id.* at 8.

5. The recalculation of interest based on the prior four findings decreased the Company's reported interest due from customers by \$42,859.18,⁸ which in turn decreases the Company's reported under-collected balance in the ACA Account by this amount. The Company agreed with this finding.⁹

During the regularly scheduled Commission Conference held on June 20, 2023, the voting panel considered the Company's ACA filing and Staff's Compliance Audit Report and found that the Audit objective was met, and except for the five findings, the ending balance in the Actual Cost Adjustment (ACA) accounts for the period ending June 30, 2022, as adjusted by Staff was accurately calculated and in compliance with Atmos' tariff.

The panel voted unanimously to approve the Compliance Audit Report as filed, including the ACA account balance \$572,414.09 in under-collected gas costs for the Union City filing and an ACA account balance of \$4,665,962.15 in under-collected gas costs for the East Tennessee filing. These balances will become the beginning balance on July 1, 2023, in the Company's next ACA filing.

IT IS THEREFORE ORDERED THAT:

1. The Actual Cost Adjustment Compliance Audit Report of Atmos Energy Corporation's gas costs for the period ended June 30, 2022, a copy of which is attached to this Order as Exhibit 1, is approved, and adopted and the conclusions and recommendations contained therein are incorporated in this Order as if fully rewritten herein.

2. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date

⁸ Demand interest of \$40,102.62 and Commodity interest \$2,756.56.

⁹ *Notice of Filing by the Utilities Division of the Tennessee Public Utility Commission*, Exh. A, p. 1 (June 2, 2023).

of this Order.

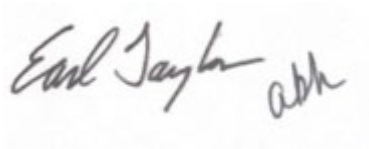
3. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:

**Commissioner Robin L. Morrison,
Commissioner Clay R. Good,
Commissioner Kenneth C. Hill,
Commissioner David Crowell, and
Commissioner John Hie concurring.**

None dissenting.

ATTEST:

A handwritten signature in dark ink, appearing to read "Earl Taylor" followed by a smaller, less legible signature or initials.

Earl R. Taylor, Executive Director