

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

<b>IN RE:</b>	)	
	)	
<b>ATMOS ENERGY CORPORATION</b>	)	
<b>FOR APPROVAL OF ITS 2023 ANNUAL RATE</b>	)	<b>DOCKET NO. 23-00008</b>
<b>REVIEW FILING PURSUANT TO TENN.</b>	)	
<b>CODE ANN. § 65-5-103(d)(6)</b>	)	

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**CONSUMER ADVOCATE’S FIRST SET OF DISCOVERY REQUESTS  
TO ATMOS ENERGY CORPORATION**

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This First Set of Discovery Requests is hereby served upon Atmos Energy Corporation (“Atmos Energy” or the “Company”), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Regs. 1220-01-02-.11. The Consumer Advocate 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 Division, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Victoria B. Glover, on or before Wednesday, March 1, 2023, by 2:00 p.m. (CDT).

**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. **Definitions.** As used in this request:
  - (a) “You,” “Your,” “Company,” or “Atmos Energy” shall mean Atmos Energy Corporation and all employees, agents, attorneys, representatives, or any other person acting or purporting to act on its behalf.
  - (b) “Affiliate” shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company. 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”.

(c) “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 personal conversations, or otherwise.

(d) “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 (including memoranda, electronic mail, report, or note of a meeting or communication), 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 when it was made.

(e) “Person” shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(f) “Identify” with respect to:

- i. Any natural person, means to state the full name, telephone number, email address and the current or last known business address of the person (if no business address or email address is available provide any address 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, the 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 any address known to you);

- iii. Any document, means to state the type of document (e.g., letter), the title, identify the author, 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 the place 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.
- (g) “And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive.
- (h) “Including” shall be construed to mean including but not limited to.

### **FIRST SET OF DISCOVERY REQUESTS**

- 1-1. Source & Support. Refer to the <SSU & KMD Detail Trial Balance FY22> spreadsheet included with the Company’s filing, specifically the “KMD Balance Sheet Accounts” tab. Provide this same information by month from May 2019 through August 2021.

#### **RESPONSE:**

- 1-2. Source & Support. Refer to the <SSU & KMD Detail Trial Balance FY22> spreadsheet included with the Company’s filing, specifically the “KMD Balance Sheet Accounts” tab. Provide the monthly plant subaccount detail from May 2019 through September 2022.

#### **RESPONSE:**

- 1-3. Source & Support. Refer to the <SSU & KMD Detail Trial Balance FY22> spreadsheet included with the Company’s filing, specifically the “KMD Income Statement Accounts” tab. Provide this same information by month from May 2019 through August 2021.

#### **RESPONSE:**

- 1-4. Source & Support. Refer to the <O - Plant Balances 2022 TN Case> spreadsheet included with the Company’s filing, specifically tabs “02,” “12,” “91,” and “93.” Provide this same information by month from May 2019 through August 2021.

**RESPONSE:**

- 1-5. Source & Support. Refer to the <Q - TN & SSU Asset Depreciation Activity Sep-21 to Sep-22> spreadsheet included with the Company's filing, specifically the "Asset Detail" and "Reserve Detail" tabs. Provide this same information by month from May 2019 through August 2021.

**RESPONSE:**

- 1-6. Source & Support. Refer to the <Q - TN & SSU Asset Depreciation Activity Sep-21 to Sep-22> spreadsheet included with the Company's filing, specifically the "Failed Retirements" tab. Provide the following information:
- a. A narrative description of the term "Failed Retirements" that includes how such items become included in the Company's ledger.
  - b. Are these "Failed Retirements" related to the "Retirement Adjustments" included in the <Q - TN & SSU Asset Depreciation Activity Sep-21 to Sep-22> spreadsheet, specifically Rows 1332 - 1334 of the "Asset Detail" tab?
  - c. Provide the source and support for the pivot table included on the "Failed Retirements" tab.

**RESPONSE:**

- 1-7. Source & Support. Refer to the <TN 2023 Annual Review Mechanism Schedules FY22> spreadsheet included with the Company's filing, specifically the "WP 7-2" tab and cell I24, which contains the gross plant for AEAM of \$22,199,408 for August 22. Provide the source and support for these amounts.

**RESPONSE:**

- 1-8. Source & Support and Explanation. Refer to the <O. Plant Balances 2022 TN Case> spreadsheet included with the Company's filing. Specifically, refer to the "02" tab and cells CI46 to CU46, which contain a "Reconciling Item" for Depreciation Reserve for Division

02. Provide the source and support for these “Reconciling Item” amounts along with a narrative description for its inclusion in the ARM.

**RESPONSE:**

1-9. Explanation. Refer to the <SSU & KMD Detail Trial Balance FY22> spreadsheet, specifically the “SSU Cloud Projects” tab. Provide the following information:

- a. A narrative description and purpose for each Cloud Project; and
- b. Explain the Company’s position for recording Cloud Projects as “Other Regulatory Assets” since other non-tangible assets (e.g. Franchises & Consents, Patents) are recorded as Plant in Service.

**RESPONSE:**

1-10. Source & Support. Refer to the <A. FY21 Composite Factors> and <B. FY22 Composite Factors> spreadsheets that were included with the Company’s filing, specifically the “3-Factor Composite” tab. Provide the trial balance support for the Property, Plant & Equipment accounts for all companies/divisions for each month of fiscal years 2019, 2020, 2021 and 2022 in the same format provided in response to Consumer Advocate DR No. 1-10 of TPUC Docket No. 19-00076.<sup>1</sup>

**RESPONSE:**

1-11. Source & Support. Refer to the <A. FY21 Composite Factors> and <B. FY22 Composite Factors> spreadsheets that were included with the Company’s filing, specifically the “3-Factor Composite” tab. Provide the trial balance support for the Operations & Maintenance Expense accounts for all companies/divisions for each month of fiscal years 2019, 2020,

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<sup>1</sup> *Atmos Energy Corporation’s Response to Consumer Advocate’s First Informal Discovery Request*, TPUC Docket No. 19-00076 (November 25, 2019), 39-61.

2021 and 2022 in the same format provided in response to Consumer Advocate DR No. 1-11 of TPUC Docket No. 19-00076.<sup>2</sup>

**RESPONSE:**

1-12. Source & Support. Refer to the “3-Factor Composite” tab of the <A. FY21 Composite Factors> and <B. FY22 Composite Factors> spreadsheets that were included with the Company’s filing. Provide the customer counts for all companies/divisions for each month of fiscal years 2019, 2020, 2021 and 2022 in the same format provided in response to Consumer Advocate DR No. 1-12 of TPUC Docket No. 19-00076.<sup>3</sup>

**RESPONSE:**

1-13. Explanation and Source & Support. Refer to the <E. FY21 Aligne Blending Rates> and the <F. FY22 Aligne Blending Rates> spreadsheets included with the Company’s filing. Provide the following information:

- a. A definition of the term "Aligne,” what these costs represent, and what benefit Tennessee customers receive from these costs;
- b. In TPUC Docket No. 19-00076 regarding the ARM Reconciliation, no Align costs were allocated to Tennessee. Provide a copy of a Commission Order or the Company's rationale for now allocating these costs to Tennessee;
- c. It appears from the spreadsheets referenced above, that the Company has chosen to allocate Align costs on the basis of Mcf throughput. Explain why this allocation method is most appropriate for these costs; and
- d. Provide the source and support for the Sales and Transportation volumes included in the Align allocation calculation by Company/Division.

**RESPONSE:**

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

- 1-14. Explanation. Refer to the <A. FY21 Composite Factors> and <B. FY22 Composite Factors> spreadsheets, the “3-Factor Composite” tab, specifically cell D10 of these spreadsheets regarding the “Gross Direct PP&E” for the consolidated company. In addition, refer to Company’s SEC 10K Report for 2021 regarding Property, Plant & Equipment, page 44. The balances from these reports are summarized in the table below:

Year	3-Factor Composite Report	2021 SEC 10K Report
2021 PP&E	\$17,550,947,278	\$17,258,547,000
2020 PP&E	\$15,863,222,631	\$15,539,166,000

Reconcile and provide explanation for the difference between these two reports for 2021 and 2020.

**RESPONSE:**

- 1-15. Explanation. Refer to the <A. FY21 Composite Factors> and <B. FY22 Composite Factors> spreadsheets, specifically the “3-Factor Composite” tab, cell D12 of these spreadsheets regarding the “Total O&M Expense” for the consolidated company. In addition, refer to the Company’s SEC 10K Report for 2021 regarding Operation & Maintenance Expense, page 45. The balances from these reports are summarized in the table below:

Year	3-Factor Composite Report	2021 SEC 10K Report
2021 O&M Expense	\$526,126,380	\$679,019,000
2020 O&M Expense	\$482,078,049	\$629,601,000

Reconcile and provide explanation for the difference between these two reports for 2021 and 2020.

**RESPONSE:**



- 1-16. Explanation. Refer to the <A. FY21 Composite Factors> and <B. FY22 Composite Factors> spreadsheets, specifically the “3-Factor Composite” tab, cell D11 of these spreadsheets regarding the “Average Number of Customers” for the consolidated company. In addition, refer to the Company’s SEC 10K Report for 2021 regarding Customer Meters (in aggregate), page 4. The balances from these reports are summarized in the table below:

<b>Year</b>	<b>3-Factor Composite Report</b>	<b>2021 SEC 10K Report</b>
2021 Customers/Meters	3,276,018	3,397,249
2020 Customers/Meters	3,217,573	3,333,181

Reconcile and provide explanation for the difference between these two reports for 2021 and 2020.

**RESPONSE:**

- 1-17. Explanation. Refer to the <E. FY21 Aligne Blending Rates> and <F. Aligne Blending Rates> spreadsheets, specifically the “Aligne Blending Rates All” tab and cell AO11, which regard the total Mcf throughput for the consolidated company. In addition, refer the Company’s SEC 10K Report for 2020 and 2021 regarding Customer Meters (in aggregate), page 32. The balances from these reports are summarized in the table below:

<b>Year</b>	<b>Aligne Blending Rate Report</b>	<b>2020 &amp; 2021 SEC 10K Reports</b>
2021 Mcf Throughput	957,744,183	461,346,000
2020 Mcf Throughput	998,427,146	439,037,000

Reconcile and provide explanation for the difference between these two reports for 2021 and 2020.

**RESPONSE:**

1-18. Source & Support. Refer to the <P. ADIT TN ARM FY22> spreadsheet, specifically the “Winter Storm URI Fed NOL TN” tab. Provide the source and support for the NOL Credit Carryforward amounts on Rows 6 and 12 of this spreadsheet that appear as hard-coded amounts.

**RESPONSE:**

1-19. Source & Support. Refer to the <P. ADIT TN ARM FY22> spreadsheet, specifically the “Winter Storm URI State NOL TN” tab. Provide the source and support for the amounts on Rows 7, 8, 14 and 15 of this spreadsheet that appear as hard-coded amounts.

**RESPONSE:**

1-20. Identification. Refer to the <I. O&M Summary FY22> spreadsheet filed with the Company’s Petition. Specifically, refer to FERC account 9040, subaccount 09927 – Cust Uncol Acct-Write Off for the Company’s Division 93 operations. Provide the number of customers disconnected from service for non-payment for the twelve months ended September 30, 2022 with the following detail:

- a. Number of disconnects by month separated by residential and non-residential service;
- b. Number of past due accounts by month separated by residential and non-residential service;
- c. Number of accounts written off to allowance for bad debt by residential and non-residential service; and
- d. Dollar amount of residential accounts written off by zip code.

**RESPONSE:**

1-21. Source & Support. Refer to the <10) 23-XXXXX - 2023 Atmos Energy TN ARM Filing - SSU and KMD Trial Balance> spreadsheet. Therein, refer to FERC account 9130 charged

to Division 93; provide copies of the advertising materials charged to FERC account 9130 subaccount 4044.

**RESPONSE:**

- 1-22. Explanation. Refer to the <10) 23-XXXXXX - 2023 Atmos Energy TN ARM Filing - SSU and KMD Trial Balance> spreadsheet. Therein, refer to FERC account 8800 for Division 93; specifically, refer to charges in subaccount 4801 – Company Used Gas. The Consumer Advocate notes this account has increased by approximately 233% over the prior year’s balance. Provide a narrative response detailing the cause(s) of the increases in this account.

**RESPONSE:**

- 1-23. Explanation, Identification, Source & Support. Refer to the <10) 23-XXXXXX - 2023 Atmos Energy TN ARM Filing - SSU and KMD Trial Balance> spreadsheet. Therein, refer to FERC account 9230 for Division 93; specifically, refer to charges in subaccount 6121 – Legal, and provide the following information:
- a. A narrative explanation of the July 2022 entry in this subaccount.
  - b. Identify the underlying project, case, or docket for which these costs were incurred.
  - c. Identify if these costs were incurred by outside counsel.
  - d. Source and invoice support for these charges.

**RESPONSE:**

- 1-24. Identification and Explanation. Refer to the <10) 23-XXXXXX - 2023 Atmos Energy TN ARM Filing - SSU and KMD Trial Balance> spreadsheet. Therein, refer to FERC account 9302 for Division 93; specifically, refer to subaccount 7510 – Association Dues. Provide a listing of the associations and related costs included in this account. For each association, explain how the dues are essential in the provision of natural gas service.

**RESPONSE:**

- 1-25. Source & Support. Refer to the <10) 23-XXXXX - 2023 Atmos Energy TN ARM Filing - SSU and KMD Trial Balance> spreadsheet. Therein, refer to FERC account 9230 for Division 02; specifically, subaccount 6121 – Legal. Provide the following:
- a. Identify the underlying project, case, or docket for which these costs were incurred.
  - b. Source and invoice support for these charges.

**RESPONSE:**

- 1-26. Source & Support. Does the Company have a written policy regarding stock options? If so, please provide a copy of this policy. For any amounts that were paid or accrued, provide a schedule of employees showing the amount paid or accrued, the basis of the calculation, and the account charged for the payment or accrual.

**RESPONSE:**

- 1-27. Identification and Explanation. Confirm that there are no penalties or charges levied on daily imbalances, regardless of size, unless Operational Flow Orders (“OFO”) are in effect. If not confirmed, identify the tariff reference where such daily penalties during non-OFO periods are defined.

**RESPONSE:**

- 1-28. Source & Support. Provide a copy of all Pool Management Agreements in effect during the test period. For each Pool Management Agreement, provide the related Agency Authorization form for each member of each pool.

**RESPONSE:**

1-29. Source & Support. Provide the daily nominations/deliveries for the three largest Pool Managers during the months of February 2022 and September 2022.

**RESPONSE:**

1-30. Identification. Refer to Company's Transportation Service Schedule 260, 2<sup>nd</sup> Revised Sheet No. 22, Section (C)(v)(c) entitled "Cash out of Monthly Imbalances." Identify the "respective Connecting Pipeline Companies" used in the monthly cash-out provisions described in this section.

**RESPONSE:**

1-31. Identification. Identify the daily prices as published in Gas Daily for the respective Connecting Pipelines associated with the three largest Pool Managers for the months of February 2022 and September 2022.

**RESPONSE:**

1-32. Identification. Identify the three largest transportation customers not associated with a Pool Manager and provide their daily nomination and deliveries for the months of February 2022 and September 2022.

**RESPONSE:**

*[Intentionally Blank – Signature Page follows]*

RESPECTFULLY SUBMITTED,



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**VICTORIA B. GLOVER** (BPR No. 037954)

Assistant Attorney General

**KAREN H. STACHOWSKI** (BPR No. 019607)

Senior Assistant Attorney General

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**TPUC Docket No. 23-00008**

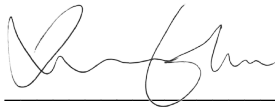
*Consumer Advocates 1<sup>st</sup> Discovery Request to Atmos Energy*

**CERTIFICATE OF SERVICE**

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

Erik Lybeck, Esq. (BPR No. 35233)  
Sims Funk, PLC  
3322 West End Avenue, #200  
Nashville, TN 37203  
Phone: (615) 425-7030  
Email: [Elybeck@simsfunk.com](mailto:Elybeck@simsfunk.com)

This the 22<sup>nd</sup> day of February 2023.



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VICTORIA B. GLOVER  
Assistant Attorney General