

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

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

PETITION TO INTERVENE

The Consumer Advocate 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 2023 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)* (“Petition”) filed in TPUC Docket No. 23-00008. 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.

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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 \$26,834.¹

5. The Petition also requests approval for three deviations from the methodologies established in the approved *Stipulation and Settlement Agreement*² in TRA³ Docket No. 14-00146, which are as follows:⁴

i. Other Regulatory Assets Adjustments Due to Evolution of Software as a Service for Cloud Projects.

The fiscal year 2022 ARM includes an update where the Company has separately broken out Cloud Projects on Workpaper 7-2. The Company's response to the evolution of the technology industry offering software as a service rather than as a purchase was to purchase several software packages (the "Cloud Projects"). The expenditures of these Cloud Projects are recorded to Other Regulatory Assets rather than recorded to plant in service since there is no "asset"; however, the benefit of these expenditures extend beyond the current period in which the payment is made to the vendor. The Cloud Projects purchased provided long-term customer benefits; however, due to the nature of the purchasing arrangement, it is no longer recorded to plant in service.

ii. Excess Deferred Income Tax ("EDIT") Adjustments Due to Amortization as Reflected in the Settlement Agreement.

The FY 2022 ARM includes an update to the amortization period of the protected portion of the EDIT Amortization from 29 years to 35 years on WP 7-9. This change is a result of a series of IRS private letter rulings ("PLRs") that address whether Cost of Removal ("COR") is subject to the Normalization rules and whether it should be included in the normalization calculation. In particular, PLR 202211004

¹ *Pre-Filed Testimony of William D. Matthews on Behalf of Atmos Energy*, TPUC Docket No. 23-00008 (January 31, 2023), at 4:5-6.

² *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).

³ 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.

⁴ Direct Testimony of William Matthews at 11:19-21. The deviations are described in the Company's Attachment A to the Certification included in its filing.

indicates “that taxpayers that have COR embedded in their property-related EDIT do not need to extract COR from the calculation. If, however, any component of book depreciation includes COR, then taxpayers should consider modifying the calculation to exclude any book depreciation associated with COR.” As a result of the modified calculation by excluding the COR from the book depreciation, the Company updated its amortization year to 35 years, to avoid violation of the normalization rules.

iii. Capital Structure and Adjusted Deferred Income Taxes (“ADIT”) Adjustments Due to Winter Storm Uri.

As disclosed in the last ARM filing as a deviation, the Company has included an adjustment to remove \$2.2 billion of debt associated with Winter Storm Uri. The debt was issued in response to extraordinary gas costs incurred during the winter storm and the Company anticipated that this debt would be securitized, in accordance with legislation in Texas and Kansas during fiscal year 2022; however, the regulatory and securitization process has continued into fiscal year 2023. Nevertheless, the Company believes that it is appropriate to exclude this debt, as well as the impact of Winter Storm Uri on the Company’s deferred income taxes because the winter storm did not have the extraordinary impact on Tennessee gas costs.

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, 19-00076, 21-00019, and 22-00010, 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.

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

RESPECTFULLY SUBMITTED,


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Attorney General and Reporter
State of Tennessee


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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 provided upon:

Erik Lybeck, Esq.
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This the 27th day of February, 2023.



VICTORIA B. GLOVER
Assistant Attorney General