

Docket No. 23-00008
Atmos Energy Corporation, Tennessee Division
Consumer Advocate DR Set No. 1
Question No. 1-14 Supplement
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Electronically Filed in TPUC Docket
Room on March 22, 2023 at 12:19 p.m.

REQUEST:

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	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:

The 10-K PP&E balance includes consolidated level entries. In addition, the 3-Factor Composite does not include Shared Services as that is the entity whose amounts are allocated, but the 10-K balance includes Shared Services. The net of these two items is the primary reason for the difference in the balance.

SUPPLEMENTAL RESPONSE:

Please see supplemental Attachment 1 for the reconciliation of the 10-K plant balance to the 3-factor composite file.

ATTACHMENT:

CA_1-14_Att1_Suppl - 10-K Plant Balance Reconciliation.xlsx

Plant Reconciliation - 10-K to Composite Allocation File

Fiscal 2020

(in thousands)

Plant per Composite (only includes Accounts 1010 and 1210)	15,863,223	Agrees to CA_1-10_Att2
Shared Services plant not included in composite	343,605	Agrees to SSU Trial Balance at Sep-20
Plant accounts other than 1010 and 1210 not included in composite	(98,387)	
SEC GAAP Adjustments for Consolidated Balance Sheet	(569,274)	Relates to prior year purchase price accounting adjustment and asset retirement obligation (ARO) calculation
Property, Plant and Equipment per 10-K	15,539,166	

Fiscal 2021

(in thousands)

Plant per Composite (only includes Accounts 1010 and 1210)	17,550,947	Agrees to CA_1-10_Att3
Shared Services plant not included in composite	369,389	Agrees to SSU Trial Balance at Sep-21
Plant accounts other than 1010 and 1210 not included in composite	(90,921)	
SEC GAAP Adjustments for Consolidated Balance Sheet	(570,868)	Relates to prior year purchase price accounting adjustment and asset retirement obligation (ARO) calculation
Property, Plant and Equipment per 10-K	17,258,547	

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REQUEST:

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:

The 3-Factor Composite does not include Shared Services as that is the entity whose O&M expense will be allocated. Thus, only the direct O&M expense for each business unit is included in the composite calculation. The 10-K includes Shared Services O&M expense and is why those amounts are higher.

SUPPLEMENTAL RESPONSE:

Please see Attachment 1 for the reconciliation of the 10-K O&M expense to the 3-factor composite file.

ATTACHMENT:

CA_1-15_Att1_Suppl - 10-K O&M Expense Reconciliation.xlsx

O&M Reconciliation - 10-K to Composite Allocation File

Fiscal 2020

O&M expense per 10-K	629,600,924	
Less: O&M not included in composite	(147,522,423)	O&M Support Tab
Less: O&M coded to old service area	(452)	
O&M expense per Composite File	482,078,049	Agrees to CA_1-11_Att2

Fiscal 2021

O&M expense per 10-K	679,018,811	
Less: O&M not included in composite	(144,011,229)	O&M Support Tab
Less: One-time Adjustments related to WTW		
OPEB, does not include SSU	(8,881,202)	
O&M expense per Composite File	526,126,380	Agrees to CA_1-11_Att3

Note: The primary reason for the difference is that Shared Services expenses are included for the 10-K total O&M expense but are not included in the allocation factor O&M, because SSU costs are the costs that are being allocated to the business units, which is the purpose of the allocation calculation.

View Type Service Area Cost Center

Atmos Energy Corporation

Income Statements

For the Month Ended YTD September, 2020

	Atmos Regulated Shared Services	Blueflame Insurance Services, LTD	Atmos Energy Consolidated (Elim)	SSU and Blueflame (Elim)
	Fiscal 2020 YTD September	Fiscal 2020 YTD September	Fiscal 2020 YTD September	Fiscal 2020 YTD September

Direct Expenses 152,382,520 340,883 (1,273,985) (3,926,995) 147,522,423

These are O&M expenses for SSU, Blueflame, and Eliminations not included in composite. Please note that SSU costs are the ones being allocated through the composite factors.

Income Statements

For the Month Ended YTD September, 2021

	Atmos Regulated Shared Services	Blueflame Insurance Services, LTD	Atmos Energy Consolidated (Elim)	SSU and Blueflame (Elim)
	Fiscal 2021 YTD September	Fiscal 2021 YTD September	Fiscal 2021 YTD September	Fiscal 2021 YTD September

Direct Expenses 147,136,097 2,007,803 (1,270,079) (3,862,592) 144,011,229

These are O&M expenses for SSU, Blueflame, and Eliminations not included in composite. Please note that SSU costs are the ones being allocated through the composite factors.

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REQUEST:

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:

Year	3-Factor Composite	2021 SEC 10K Report
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:

The difference is due to the 3-factor Composite using a twelve-month average and the 10-K using ending September amounts. In addition, the 3-factor Composite uses base charge counts and the 10-K shows number of meters. For the 3-factor Composite, the method of using base charge counts is consistently applied for all of our distribution business units.

SUPPLEMENTAL RESPONSE:

Please see Attachment 1 for the comparison between meters reported in the 10-K and the customer counts in the 3-factor composite file.

ATTACHMENT:

CA_1-16_Att1_Suppl - 10-K Meters to Composite Customer Count Comparison.xlsx

Meter Count vs Customer Count - 10-K to Composite Allocation File

Fiscal 2020	Meters - 10-K	Customers - Composite	Percent
TN Average Customer Count per Composite		152,035	4.7% Agrees to CA_1-12_Att2
Total Average Customer Count per Composite		3,217,573	Agrees to CA_1-12_Att2
Number of Meters Tennessee	156,820		4.7% Agrees to Meters tab
Total Meter Count	3,333,181		Agrees to Meters tab
Fiscal 2021	Meters - 10-K	Customers - Composite	Percent
TN Average Customer Count per Composite		155,326	4.7% Agrees to CA_1-12_Att3
Total Average Customer Count per Composite		3,276,018	Agrees to CA_1-12_Att3
Number of meters TN	159,461		4.7% Agrees to Meters tab
Total meter count	3,397,249		Agrees to Meters tab

The average number of customers used in the composite allocation file, and the number of meters used in the 10-K, both result in Tennessee receiving an allocation of 4.7%. Customer base charges and number of meters show a small difference, but as shown above do not materially impact the customer count percentage.

10-K Meter Summary (based primarily on data from Essbase and SAP systems)

Summary by State:	Fiscal 2020	Ending Bal STAT	Ending Bal STAT	Ending Bal STAT	Ending Bal STAT	Ending Bal STAT	
		Company Hierarchies Cost Center	Company Hierarchies Cost Center	Company Hierarchies Cost Center	Company Hierarchies Cost Center	Company Hierarchies Cost Center	
Louisiana	367,976						
West Texas	320,085						
Mid-Tex Cities	1,443,499						
Mid-Tex Dallas	232,540						
Mid-Tex Environs	75,859						
Kentucky	182,639						
Tennessee	156,820	Fiscal 2021 September	Fiscal 2021 September	Fiscal 2021 September	Fiscal 2021 September	Fiscal 2021 September	
Virginia	24,493	Residential Meter	Commercial Meter	Industrial Meter	Public Authority Meter	Irrigation Meter	
Colorado	123,423	West Texas Div-West Texas Rural Irrigation - S008000	-	-	-	-	98
Kansas	138,009	West Texas Div- Triangle Pipeline - S019000	-	-	-	-	-
Mississippi	267,482	Amarillo City Plant Distribution - S003000	67,792	6,576	16	311	-
	3,332,825	West Texas City Plant Distribution - S005000	136,407	11,672	43	1,458	-
		Lubbock City Plant - S016000	70,888	6,702	30	247	-
		West Texas Rural Distribution - S021000	21,288	2,626	76	189	-
		Colorado (N.E.CO prior to Oct-20) - S033000	112,738	12,490	-	-	13
		Kansas ADM - S081000	128,998	9,691	88	730	256
		KY - S009000	163,105	19,046	241	1,545	-
		Mid-States-Tennessee - S093000	139,919	18,540	364	638	- 159,461 Tennessee Meter Count
		Mid-States-Virginia - S096000	19,493	5,186	67	-	-
		TransLa - S007000	-	2	-	-	-
		AE Louisiana - LGS - S077000	349,486	23,363	356	-	-
		Midtex RRM - S194000	1,188,613	102,533	-	-	-
		Midtex ATM - S195000	171,071	12,566	-	-	-
		City of Dallas - S196000	211,148	23,113	-	-	-
		Dallas Environs - S197000	80,043	2,395	-	-	-
		Mississippi - S170000	245,087	24,762	372	2,772	-
		Total	3,106,076	281,263	1,653	7,890	367 3,397,249 Total Meter Count
Summary by Category:							
Residential	3,046,464						
Commercial Sales	276,582						
Industrial Sales	1,297						
Public Authority and Other	8,482						
	3,332,825						
Total per report	3,332,825						
Difference	-						
Total per report above	3,332,825						
AELIG Meters	356						
	3,333,181						

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REQUEST:

Explanation. Refer to the <E. FY21 Align Blending Rates> and <F. Align Blending Rates> spreadsheets, specifically the "Align 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:

Year	Align Blending Rate	2020 & 2021 SEC 10K
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:

The amount shown in this table for the 10-K is the consolidated distribution throughput and does not include transmission throughput from our pipeline and storage segment. The Align billing system amount is the billed volume from that system and includes transmission throughput from our pipeline and storage segment.

SUPPLEMENTAL RESPONSE:

Please see Attachment 1 for the reconciliation of the 10-K distribution volumes to the 3-factor composite file.

ATTACHMENT:

CA_1-17_Att1_Suppl - 10-K to Align Factor Reconciliation.xlsx

Reconciliation of Align Allocation volumes to Distribution volumes per 10-K:

	Fiscal 2021	Fiscal 2020	Notes
Volumes in Align Allocation	957,744,183	998,427,146	Per Align Blending Rates relied upon files
less APT Volumes included in Allocation	(777,671,020)	(803,632,209)	Per Align Blending Rates relied upon files
Duplicated KY Volumes	-	(14,945,165)	See Tab 4.
Distribution Align Billed Volumes	180,073,163	179,849,772	
Distribution SAP Billed volumes	282,600,300	263,377,849	See Tab 1.
Distribution Billed Volumes	462,673,463	443,227,620	
Unbilled Volumes included in 10K	(1,096,823)	(1,626,218)	When reconciling 10-K to Align Billed, unbilled needs to be removed.
Subtotal	461,576,641	441,601,403	
Volume conversion/Other Misc Adjustments	230,556	2,564,335	
10-K Distribution Volumes	461,346,085	439,037,067	See Tab 2 & 3.

Fiscal year/period	Period 01 2020	Period 02 2020	Period 03 2020	Period 04 2020	Period 05 2020	Period 06 2020	Period 07 2020	Period 08 2020	Period 09 2020	Period 10 2020	Period 11 2020	Period 12 2020	Period 01 2021	Period 02 2021	Period 03 2021	Period 04 2021	Period 05 2021	Period 06 2021	Period 07 2021	Period 08 2021	Period 09 2021	Period 10 2021	Period 11 2021	Period 12 2021
Acct Day 10 Per Cap	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts	Total Value/Scpts
Commercial Customer with Residential Tax	167,530,688	289,281,382	297,729,419	366,167,184	363,374,355	528,371,130	298,150,885	223,624,667	180,096,080	196,262,302	175,201,308	161,959,901	173,517,179	215,212,768	249,685,240	383,472,638	342,611,699	326,293,131	269,363,784	213,774,233	183,413,408	188,075,753	155,673,124	146,705,407
Commercial Sales	4,310,444,544	8,949,604,729	11,220,586,331	14,065,164,853	13,860,216,136	11,634,462,105	7,404,135,335	4,848,282,793	3,246,054,364	3,046,306,642	3,611,651,451	3,727,677,475	4,346,558,322	6,511,146,834	9,706,736,760	15,570,089,203	14,884,804,417	13,873,030,954	8,095,932,836	5,613,350,721	4,431,843,535	4,186,302,423	4,070,020,559	4,184,490,730
Commercial Tennessee Reduced Rate	14,775,166	19,942,877	23,624,068	18,776,479	23,062,133	15,717,775	8,462,105	7,096,677	7,869,121	6,463,869	5,537,335	5,379,894	6,354,967	7,055,384	16,462,812	21,480,026	20,040,758	16,531,813	11,748,768	10,632,872	7,735,209	10,644,877	14,730,081	11,941,998
Industrial Sales	162,171,234	255,729,988	372,465,252	472,506,147	470,796,059	351,805,227	242,737,105	187,307,899	116,251,765	127,304,736	132,998,692	146,413,505	171,020,373	220,780,134	353,671,325	480,865,965	457,786,114	376,748,720	275,060,527	169,898,676	146,007,403	145,255,647	148,447,307	166,566,441
Industrial Tennessee Reduced Rate	35,268,179	44,081,055	53,386,233	65,728,671	44,051,555	50,738,720	34,590,991	29,941,809	21,892,454	21,543,951	23,420,895	24,823,001	32,472,183	27,745,359	52,831,266	58,637,417	59,161,493	45,574,925	43,664,439	28,229,769	26,060,316	22,495,714	23,327,856	36,627,563
Irrigation Gas Sales	56,245,531	53,881,627	24,431,129	21,955,779	19,440,563	39,367,068	87,352,255	116,514,150	85,676,054	82,006,735	211,050,809	136,962,320	62,552,085	49,978,972	25,761,602	18,016,575	15,127,506	30,633,488	85,188,400	53,011,032	124,180,199	75,395,567	201,905,655	123,761,793
Public Authority Sales	151,118,632	461,260,532	658,004,411	814,499,930	792,124,393	711,267,230	389,918,515	245,087,613	132,162,223	113,618,450	125,177,597	135,082,922	182,660,346	336,615,623	556,833,377	907,860,132	889,172,863	836,291,203	452,554,432	260,962,676	158,813,346	126,444,999	122,676,610	129,445,078
Residential	4,235,698,264	16,724,211,771	23,384,927,962	28,585,767,824	28,932,231,635	21,452,732,170	12,220,885,207	7,552,213,181	4,682,858,424	4,443,890,107	4,085,666,606	4,162,355,865	5,113,970,625	11,487,185,241	22,039,754,875	34,220,758,173	33,349,859,449	29,970,722,523	12,893,638,727	7,546,039,851	4,998,989,890	4,329,918,533	3,840,587,209	4,261,170,836
Residential Customer with Commercial Tax	13,768,135	66,013,397	109,809,327	149,292,536	152,506,494	119,060,627	57,364,090	27,763,352	13,772,091	12,940,405	11,258,156	11,234,086	14,639,964	38,982,310	86,879,802	143,829,187	140,724,034	136,831,744	66,417,484	22,414,972	12,821,852	10,841,928	9,510,162	9,999,099
Overall Result	9,147,021,373	26,867,607,358	36,145,164,122	44,559,862,403	44,551,649,057	34,703,578,540	20,744,036,988	13,237,755,141	8,466,594,576	8,050,527,187	8,382,162,849	8,501,888,946	10,103,945,984	18,894,500,425	33,089,957,054	51,805,199,316	50,159,288,273	45,612,658,501	22,173,619,387	13,918,313,002	10,089,865,458	9,095,375,251	8,586,878,563	9,070,698,945

FY 2020 263,377,848,563
FY 2021 282,600,300,159

	Distribution SA - TOTDTR Fiscal 2021 YTD September	Atmos Energy Consolidated SA (Elim) - 981COM Fiscal 2021 YTD September
Operating Revenue		
Residential Revenue Class	174,741,962	0
Commercial Revenue Class	99,661,680	0
Industrial Revenue Class	28,130,821	0
Irrigation Revenue Class	865,503	0
Public Authority Revenue Class	6,491,103	0
Unbilled Revenue Class	(1,096,823)	0
Other Gas Revenue Class	38,379	0
Total Gas Revenue	308,832,626	0
Transportation Revenue	159,817,422	(7,303,964)
Other Operating Revenue	0	0
Total Operating Revenues	468,650,049	(7,303,964)

10-K Distribution

461,346,085 Agrees to 10-K

	Distribution SA - TOTDTR	Atmos Energy Consolidated SA (Elim) - 981COM
	Fiscal 2020 YTD September	Fiscal 2020 YTD September
Operating Revenue		
Residential Revenue Class	161,275,072	0
Commercial Revenue Class	94,101,670	0
Industrial Revenue Class	30,748,690	0
Irrigation Revenue Class	924,884	0
Public Authority Revenue Class	6,192,860	0
Unbilled Revenue Class	(1,626,218)	0
Other Gas Revenue Class	32,836	0
Total Gas Revenue	291,649,794	0
Transportation Revenue	154,665,845	(7,278,572)
Other Operating Revenue	0	0
Total Operating Revenues	446,315,639	(7,278,572)
	439,037,067	Agrees to 10-K

Price Component	Sum of Summarized Reporting Phy Sell Qty
KY/Cash-In	349,849
KY/Sales-Firm	4,755
KY/Sales-Interruptible	582,085
KY/Sales-KY PRP G2 Volumetric	523,346
KY/Transport-CommodityCharge	13,701,013
KY/Transport-CommodityCharge-Firm	7,285,227
KY/Transport-CommodityCharge-Interruptible	9,434,566
KY/Transport-KY PRP T3 Volumetric	7,412,710
KY/Transport-KY PRP T4 Volumetric	7,009,109
KY/Transport-T3 KY TCJA Refund Volumetric	(4,908)
Grand Total	46,297,754
KY PRP Volumes	14,945,165.35

Note: The highlighted PRP volumes are already included in the Sales and Transport volumes above.
Adjustment needed to remove duplicated volumes.

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REQUEST:

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.

OBJECTION:

The Company objects on the grounds that the information requested is not reasonably calculated to lead to the production of admissible evidence. Pool Management Agreements and Agency Agreements have no bearing on the Company's cost of service. To the extent that marketers pay penalties or resolve imbalances, those impacts are credited through the Company's gas cost mechanism, and do not affect rates.

SUPPLEMENTAL RESPONSE:

Subject to and without waiver of the foregoing objections, especially the objection that these documents have no bearing on this proceeding and are not admissible evidence, and reserving all rights to object to the relevance and admissibility of such evidence at future stages of this proceeding, please see confidential supplemental Attachment 1 and confidential supplemental Attachment 2, which are being provided solely to avoid unnecessary discovery disputes.

ATTACHMENTS:

CA_1-28_Att1_Suppl - Pooling Agreements (CONFIDENTIAL).pdf
CA_1-28_Att2_Suppl - Agency Authorization Forms (CONFIDENTIAL).pdf