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

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|---|---|----------------------------|
| IN RE: |) | |
| |) | |
| ATMOS ENERGY CORPORATION |) | |
| FOR APPROVAL OF ITS 2024 ANNUAL RATE |) | DOCKET NO. 24-00006 |
| REVIEW FILING PURSUANT TO TENN. |) | |
| CODE ANN. § 65-5-103(d)(6) |) | |

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

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 Tennessee 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 Shilina B. Brown, on or before Wednesday, March 1, 2024, 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 based on 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.** Failed Retirements (Original Pivot Tables). Refer to the Petition, *Relied Upon Files*, File <q. TN&SSU Asset Depreciation Activity Sep-22 to Sep-23>, Tab “Failed Retirements”. This tab includes a picture of two pivot tables associated with failed retirements. Provide the original data table and pivot table that support the amounts included on this spreadsheet.

RESPONSE:

- 1-2.** Depreciation Rates (Reconciliation). Refer to the Petition, *Relied Upon Files*, File <r. TN and SSUC Depreciation Rates as of Sep-23>, Rows 6-30 regarding depreciation rates for the KMD General Office. In addition, refer to TPUC Docket No. 23-00050, *Direct Testimony of Ned W. Allis*, PDF p. 247 (June 29, 2023) regarding depreciation rates. It appears that certain depreciation rates in the Company’s ARM filing do not correctly tie to

the depreciation study in TPUC Docket No. 23-00050. Specifically, we notice the following discrepancies in depreciation rates between the ARM filing and the depreciation study for the KMD General Office:

| Account | Docket 23-00050 Depreciation Rate | ARM Docket 24-00006 Depreciation Rate |
|----------------|--|--|
| 39009 | 0.00% | 5.00% |
| 39300 | 0.00% | 8.10% |
| 39500 | 0.00% | 4.14% |
| 39700 | 0.00% | 8.26% |
| 39701 | 0.00% | 8.26% |
| 39702 | 0.00% | 8.26% |
| 39800 | 0.00% | 2.66% |
| 39900 | 0.00% | 10.00% |
| 39901 | 0.00% | 6.30% |
| 39902 | 0.00% | 14.29% |
| 39906 | 0.00% | 20.00% |

Reconcile the depreciation rates used in the Company's ARM filing with the Commission approved depreciation rates from TPUC Docket No. 23-00050. If the Company believes that it has used incorrect depreciation rates, then provide an updated ARM calculation to reflect this correction.

RESPONSE:

- 1-3. Depreciation Rates (Reconciliation).** Refer to the Petition, *Relied Upon Files*, File <r. TN and SSUC Depreciation Rates as of Sep-23>, Rows 32-86 regarding depreciation rates for the TN Direct Office. In addition, refer to TPUC Docket No. 23-00050, *Direct Testimony of Ned W. Allis*, PDF pp. 70-71 (June 29, 2023) regarding depreciation rates. It appears that certain depreciation rates in the Company's ARM filing do not correctly tie to the depreciation study in TPUC Docket No. 23-00050. Specifically, we notice the following discrepancies in depreciation rates between the ARM filing and the depreciation study for the TN Direct Office:

| Account | Docket 23-00050 Depreciation Rate | ARM Docket 24-00006 Depreciation Rate |
|----------------|--|--|
| 30500 | 0.00% | 3.03% |
| 31900 | 0.00% | 3.03% |
| 38700 | 0.00% | 6.01% |
| 39300 | 0.00% | 4.00% |
| 39604 | 6.32% | 6.53% |
| 39605 | 6.32% | 6.53% |
| 39900 | 0.00% | 12.50% |
| 39907 | 0.00% | 16.67% |

Reconcile the depreciation rates used in the Company's ARM filing with the Commission approved depreciation rates from TPUC Docket No. 23-00050. If the Company believes that it has used incorrect depreciation rates, then provide an updated ARM calculation to reflect this correction.

RESPONSE:

- 1-4. Depreciation Rates (Reconciliation). Refer to the Petition, *Relied Upon Files*, File <r. TN and SSUC Depreciation Rates as of Sep-23>, Rows 88-159 regarding depreciation rates for Shared Services. In addition, refer to TPUC Docket No. 23-00050, *Direct Testimony of Ned W. Allis*, PDF p. 287 (June 29, 2023) regarding depreciation rates. It appears that certain depreciation rates in the Company's ARM filing do not correctly tie to the depreciation study in TPUC Docket No. 23-00050. Specifically, we notice the following discrepancies in depreciation rates between the ARM filing and the depreciation study for Shared Services:

[Intentionally Blank – Table on Next Page]

| Account | Docket 23-00050 Depreciation Rate | ARM Docket 24-00006 Depreciation Rate |
|----------------|--|--|
| 39300 | 0.00% | 10.32% |
| 39500 | 0.00% | 9.70% |
| 39904 | 0.00% | 10.32% |
| 39905 | 0.00% | 10.32% |
| 39909 | 0.00% | 10.32% |
| 39924 | 0.00% | 15.89% |
| 39510 | 0.00% | 9.70% |
| 39924 | 0.00% | 15.89% |

Reconcile the depreciation rates used in the Company's ARM filing with the Commission approved depreciation rates from TPUC Docket No. 23-00050. If the Company believes that it has used incorrect depreciation rates, then provide an updated ARM calculation to reflect this correction.

RESPONSE:

- 1-5.** Miscellaneous Deferred Debits (Source & Support). Refer to Petition, File <6>24-xxxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 7-10”, Cell U24, regarding Miscellaneous Deferred Debits (Interest & RWIP Interest) with a September 2023 balance of \$-5,209,057. We are unable to trace the monthly amounts for this account back to the Company's trial balance included on Workpaper 10. Provide the source and support for the individual monthly amounts included here.

RESPONSE:

- 1-6.** ALGN Throughput (Source & Support). Refer to the Petition, *Relied Upon Files*, File <f. FY23 Aligne Blending Rates>, Cells O16 to Y16 and O25 to Y25 regarding sales and transportation volumes used to allocate ALGN costs. Provide the source and support for these volumes – segregated by month and segregated by each jurisdiction.

RESPONSE:

- 1-7. O&M Cost Allocation (Explanation, Source & Support). Refer to TPUC Docket No. 23-00008, Company's Response to Consumer Advocate DR No. 1-11, Attachment 3 regarding the O&M cost allocation for Fiscal Year 2021. Specifically refer to the following tabs in this workbook that contain changes to total O&M expense for a "Non-Recurring OPEB adjustment":

| Division | OPEB Adjustment |
|-----------------|------------------------|
| 20 | \$-1,545,181 |
| 30 | -817,375 |
| 50 | -2,258,629 |
| 60 | -932,363 |
| 70 | -738,865 |
| 80 | -2,542,810 |
| 100 | -45,980 |
| Total | \$-8,881,203 |

Provide the following information related to this Non-Recurring OPEB adjustment:

- Provide a narrative explanation of exactly what these costs represent and why they are included here as an adjustment to O&M expense; and
- Provide the source and support for the costs included here for each Operating Division.

RESPONSE:

- 1-8. O&M Cost Allocation (Explanation, Source & Support). Refer to TPUC Docket No. 23-00008, the Company's Response to Consumer Advocate DR No. 1-11, Attachment 1 regarding the O&M cost allocation for Fiscal Year 2019. Specifically refer to the following tabs in this workbook that contain changes to total O&M expense for a "Non-Recurring OPEB adjustment":

| Division | OPEB Adjustment |
|-----------------|------------------------|
| 80 | \$2,022,618 |
| 180 | 1,654,439 |
| Total | \$3,677,057 |

Provide the following information related to this Non-Recurring OPEB adjustment:

- a. Provide a narrative explanation of exactly what these costs represent and why they are included here as an adjustment to O&M expense; and
- b. Provide the source and support for the costs included here for each Operating Division.

RESPONSE:

1-9. O&M Cost Allocation. Refer to the Petition, *Relied Upon Files*, File <b. FY23 Composite Factors>, Tab “Mid States FY23” Cells E7 to F12, related to the O&M Expense Allocation Factors for KY, TN and VA. Provide a spreadsheet that segregates the total O&M costs shown here between direct expense and bad debt expense (Account 922) for each state. In addition, provide this information for the 12 months ended September 20, 2019, 2020, 2021, 2022 and 2023. For an existing template on this request, refer to TPUC Docket No. 19-00076, Company’s Response to the Consumer Advocate DR No. 1-10, Attachment.

RESPONSE:

1-10. Plant Cost Allocation. Refer to the Petition, *Relied Upon Files*, File <b. FY23 Composite Factors>, Tab “Mid States FY23”, Cells C7 to D12, related to the PP&E Allocation Factors for KY, TN and VA. Provide a spreadsheet that segregates the total PP&E costs shown here by plant type (Production, Storage, Transmission, Distribution, General and Non-Utility) for each state. In addition, provide this information for the 12 months ended September 20, 2019, 2020, 2021, 2022 and 2023. For an existing template on this request, refer to TPUC Docket No. 19-00076, Company’s Response to the Consumer Advocate DR No. 1-10, Attachment 2.

RESPONSE:

1-11. Gas Inventory (Source & Support). Refer to the Petition, *Relied Upon Files*, File <t. Gas in Storage Sep-22-Sep-23>, Tabs “ETN Allo 07_22-06_23” and “ETN Alloc 07_23-09_23”, Rows 81 to 82, regarding sales volumes to Bristol TN and Bristol VA. Provide the source and support for these monthly sales volumes that appear as hard-coded amounts. For a template on this request, refer to TPUC Docket No. 23-00008, Company’s Response to Consumer Advocate DR No. 2-1.

RESPONSE:

1-12. Intercompany Leased Property (Complete Information). Refer to the Petition, *Relied Upon Files*, File<Intercompany Leased Property FY23>, Tab “Summary” for Intercompany Leased Property. Provide a complete trial balance (balance sheet and income statement) by month for the 13 months ended September 2023, in the same format as Workpaper 10, that supports the individual amounts included here.

RESPONSE:

1-13. Cloud Projects (Explanation, Source & Support). Refer to the Petition, File <6) 24-xxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 7-2”. Specifically, refer to Rows 186 to 201 of this spreadsheet regarding Cloud Projects and provide the following information:

- a. In TPUC Docket No. 23-00008, this category only included Account 182.3, and then only for Division 02. In the current Docket, the Company appears to have expanded Cloud Projects to also include Accounts 174 and 186, as well as expanding to Division 12. Explain the Company’s rationale for this change.
- b. In TPUC Docket No. 23-00008, the Company included \$3,329,064 as the gross balance (before allocations) for Cloud Projects for September 2022 in Division 02. In this current Docket, the Company includes \$3,325,721 as the gross balance for Division 02 as shown on the “WP 7-2” tab of Workpaper 6. Provide the source and support for the adjustment between these two amounts.

- c. Provide a spreadsheet that shows the trial balance balances by division, account and subaccount by month from September 2021 to September 2023 that supports the Company's total monthly balances included for Cloud Projects.

RESPONSE:

1-14. Accumulated Depreciation (Source & Support). Refer to the Petition, *Relied Upon Files*, File <o. Plant Balances 2023 TN Case>, Tab "TW FY18-FY21 Amortization", related to a reconciling item for Accumulated Depreciation. Specifically, refer to Rows 37 to 38 of this spreadsheet which read as follows:

1. *The above amount of \$927,940 relates to the reclass of depreciation and amortization expense due to the Willis Towers Watson identified error during years 2018-2021. This amount will be amortized over a 5-year period beginning in November 2021.*

Provide the following information related to this adjustment:

- a. Provide all communication from Willis Towers Watson related to this error and its quantification; and
- b. Refer to the spreadsheet attachment included in TPUC Docket No. 23-00008, Company's Response to Consumer Advocate DR No. 1-8 that is related to this adjustment. Provide the source and support – including all assumptions used – for the adjustment calculation of \$927,940 shown in Cells A1 to F11 of this spreadsheet.

RESPONSE:

1-15. ADIT (Explanation & Update). Refer to the Petition, *Relied Upon Files*, File <o. Plant Balances 2023 TN Case>, Tab "Non-Reg ADIT". Specifically refer to Cell D11 of this spreadsheet which contains the Non-Regulated adjustment to ADIT for Division 02 for February 2023. This cell appears to contain a formula error in that it excludes a component of the net operating loss calculation. Explain the Company's rationale for this formula. If the Company determines that this formula is in error, then provide an updated calculation.

RESPONSE:

1-16. ADIT (Source & Support). Refer to the Petition, *Relied Upon Files*, File <p. ADIT TN ARM FY23>, Tab “Winter Storm URI Fed NOL SSU”. Specifically refer to Row 13 of this spreadsheet which contains the “FD-NOL Credit Carryforward – Utility (URI)” monthly balances. Provide the source and support for these monthly amounts which appear as unreferenced hard-coded numbers.

RESPONSE:

1-17. ADIT (Source & Support). Refer to the Petition, *Relied Upon Files*, File <p. ADIT TN ARM FY23>, Tab “Winter Storm URI State NOL TN”. Specifically refer to Row 15 of this spreadsheet which contains the “ST-State Net Operating Loss” monthly balances. Provide the source and support for these monthly amounts which appear as unreferenced hard-coded numbers.

RESPONSE:

1-18. Incentive Compensation (Update & Source & Support). Refer to the Petition, *Relied Upon Files*, File <v. TN Minimum Filing Requirements #38 FY23>, Tab “FY23 CAP OH Alloc”. Specifically refer to Column E of this spreadsheet which contains the Division 02 and 12 values for accounts 07452, 07458, 07460 and 07463 by cost center. Provide an update to Workpaper 10 (FY 23 Trial Balance Schedules) that includes the detail for Cost Center Codes and Cost Center Descriptions that tie to the individual hard-coded amounts used by the Company on Workpaper V.

RESPONSE:

1-19. Incentive Compensation (Source & Support). Refer to the Petition, *Relied Upon Files*, File <v. TN Minimum Filing Requirements #38 FY23>, Tab “FY23 CAP OH Alloc”. Specifically refer to Column G of this spreadsheet which contains Division 02 and 12 capitalization percentages for accounts 07452, 07458, 07460 and 07463 by cost center. Provide the source and support for these capitalization percentages which appear as hard-coded amounts.

RESPONSE:

1-20. Incentive Compensation (Explanation). Refer to the Petition, *Relied Upon Files*, File <v. TN Minimum Filing Requirements #38 FY23>, Tab “FY23 CAP OH Alloc”. Specifically refer to Cell L150 of this spreadsheet which calculates the Division 91 allocation of disallowed expenses and has a value of \$143,823. It appears that the formula in this cell deviates from the others in this column. Provide an explanation of the Company’s calculations. If the Company determines that this value is in error, then provide an updated calculation.

RESPONSE:

1-21. Incentive Compensation (Explanation). Refer to the Petition, *Relied Upon Files*, File <v. TN Minimum Filing Requirements #38 FY23>, Tab “FY23 CAP Alloc to Div 093”. Specifically refer to Cell L150 of this spreadsheet which calculates the Division 91 allocation of disallowed overheads and has a value of \$143,823. It appears that the formula in this cell deviates from the others in this column. Provide an explanation of the Company’s calculations. If the Company determines that this value is in error, then provide an updated calculation.

RESPONSE:

- 1-22.** Incentive Compensation (Source & Support). Refer to the Petition, *Relied Upon Files*, File <v. TN Minimum Filing Requirements #38 FY23>, Tab “FY23 SERP CAP to Div 093”.

Provide the following information:

- a. Provide the source and support for the “Cost Center 1908 CAP OH Rate” in Cell R10 that has a hard-coded value of 81.18%; and
- b. Provide the source and support for the “CC1910 ATM-Corporate Overhead Capitalized” Rate in Cell R13 that has a hard-coded value of 4.17%.

RESPONSE:

- 1-23.** Operation & Maintenance Expenses (Update & Explanation). Refer to the Petition, *Relied Upon Files*, File <1. O&M Summary FY23>, Tab “002 CC1903”, CellA4. It appears that the Company has made an adjustment to O&M Expenses for the impact of Cost Center 1903 in this spreadsheet. Provide the following information related to this adjustment:

- a. Provide a narrative explanation as to why this adjustment is necessary;
- b. Explain why this particular adjustment was not made in previous ARM filings; and
- c. Provide an update to Workpaper 10 (FY 23 Trial Balance Schedules) that includes the detail for Cost Center Codes and Cost Center Descriptions that tie to the individual hard-coded amounts used by the Company on Workpaper L.

RESPONSE:

- 1-24.** Operation & Maintenance Expenses (Reconciliation). Refer to the Petition, File <6> 24-xxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 4-4”, regarding the Company’s Pension Benchmark Calculation. Provide the source and support for the “Composite Labor Capitalization Rates” in Column I of 61.13% and 51.73%”.

Specifically, our own calculations based on the KMD Income Statement Accounts for the 12 months ended September 30, 2023, produces capitalization rates of 50.60% and 61.10% as shown below:

| Item | Division 91 | Division 93 |
|---|---------------|---------------|
| Total Capitalized Salaries (Subaccount 1001) | \$3,472,132 | \$5,124,095 |
| Total Paid Salaries (Subaccounts 1000, 1001 and 1006) | 6,728,642 | 8,387,087 |
| Capitalization Ratio | 51.60% | 61.10% |

Reconcile the differences between these capitalization rates.

RESPONSE:

- 1-25. Operation & Maintenance Expenses (Source & Support).** Refer to the Petition, File <6> 24-xxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 4-1”, Note 1, regarding the Company’s Legal Invoices Adjustment of \$10,244. Provide the source and support for this adjustment along with a narrative describing its contents.

RESPONSE:

- 1-26. Cost of Capital (Reconciliation, Source & Support).** Refer to the Petition, File <6> 24-xxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 9-2”, that provides support for the Company’s cost of capital. Provide the following information related to the average equity balance of \$10.2 billion shown in Column E of this spreadsheet:

- Provide a reconciliation by account to the monthly balances included on this spreadsheet to the specific accounts in the trial balance in the same format as in Docket No. 19-00076, Company’s Response to Consumer Advocate DR No. 2-3; and
- Provide a monthly trial balance from September 2022 to September 2023 for all divisions reporting equity balances that were not already included

with the Company's filing. This response should include footnote support to the equity balances reported in item a.

RESPONSE:

1-27. Cost of Capital (Source & Support). Refer to the Petition, File <6> 24-xxxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 9-2” that provides support for the Company's cost of capital. Specifically refer to the short-term debt average daily balance of \$34.8 million shown in Column G of this spreadsheet. Provide the source and support for the average daily balance of short-term debt for each month of the review period in the same format as in TPUC Docket No. 19-00076, Company's Response to Consumer Advocate DR No. 2-1.

RESPONSE:

1-28. Cost of Capital (Reconciliation). Refer to the Petition, File <6> 24-xxxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 9-2” that provides support for the Company's cost of capital. Specifically refer to Cell H20 of this spreadsheet that has a balance of \$351,713 for STD Interest & Fees for March 2023. Reconcile this amount with the Company's trial balance for Account 4310 (Subaccounts 30120, 30121 and 30187) which shows a balance of \$401,713 for March 2023.

RESPONSE:

1-29. Cost of Capital (Identify & Support). Refer to the Petition, File <6> 24-xxxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 9-3” that provides support for the long-term debt portion of the Company's cost of capital. Specifically refer to Rows 52 and 53 (lines 40 and 41) of this spreadsheet that appear to provide the monthly balances of certain leases and bonds. Identify the account(s) and

subaccount(s) where these two items are recorded in the Company's trial balance. In addition, provide a copy of the supporting trial balance for these two items if it has not already been submitted by the Company.

RESPONSE:

1-30. Cost of Capital (Explanation). Refer to the Petition, File <6) 24-xxxxxx – 2024 Atmos Energy TN ARM Filing – Revenue Requirement Schedules (Unlinked)>, Tab “WP 9-3” that provides support for the long-term debt portion of the Company's cost of capital. Specifically refer to Lines 22 to 23 and Lines 40 to 41 that are highlighted in the Company's filing. It appears that in Columns D through P, the Company includes these monthly balances only to later deduct them from the total in Lines 46 to 49. However, in Column S of this spreadsheet, the Company appears to be including the impact of these items in computing the long-term debt interest rate of 3.92%. Explain the Company's rationale for these calculations.

RESPONSE:

1-31. Revenue (Explanation). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL File

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Explain the Company's rationale for the rates used. If the Company believes that these rates were used in error, then provide an updated schedule.

RESPONSE:

1-32. Revenue (Source & Support). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL

File [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]. Provide the source and support for these amounts which appear as unreferenced hard-coded numbers.

RESPONSE:

1-33. Revenue (Source & Support). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL

File [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]. Provide the source and support for the unreferenced hard-coded adjustments and amounts contained within the formulas for these cells.

RESPONSE:

1-34. Revenue (Source & Support). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL

File [REDACTED]
[REDACTED]
[REDACTED].

Provide the source and support for the unreferenced hard-coded amounts contained within the formulas for these cells.

RESPONSE:

1-35. Revenue (Source & Support). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL

File [REDACTED]
[REDACTED]
[REDACTED]. Provide

the source and support for the unreferenced hard-coded amounts contained within the formulas for these cells.

RESPONSE:

1-36. Revenue (Explanation). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL File

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. Explain the Company's rationale for the rates used.

If the Company believes that these rates are in error, then provide an updated schedule.

RESPONSE:

1-37. Revenue (Source & Support). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL

File [REDACTED]
[REDACTED]

[REDACTED]

Provide the source and support for all unreferenced hard-coded amounts on the “Data – Linked” spreadsheet that were not copied over from the “Pivot - Live Data” spreadsheet.

RESPONSE:

1-38. Revenue (Explanation). Refer to the Petition, *Relied Upon Files*, CONFIDENTIAL File

[REDACTED]

Explain the reasons for the decline in Miscellaneous Service Revenue, including any policy changes that would cause such a decline.

RESPONSE:

RESPECTFULLY SUBMITTED,



SHILINA B. BROWN (BPR No. 020689)

Assistant Attorney General

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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:

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This the 22nd day of February 2024.



SHILINA B. BROWN
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