

Docket No. 24-00006
Atmos Energy Corporation, Tennessee Division
Consumer Advocate DR Set No. 1
Question No. 1-08 Supplement
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Electronically Filed in TPUC Docket
Room on March 7, 2024 at 2:38 p.m.

REQUEST:

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:

- a. As shown in the referenced response to DR No. 1-11, Attachment 1 from TPUC Docket No. 23-00008, the description for the \$2,022,618 in Co. 080 is "O&M related to Georgetown (nonrecurring)" and the description for the \$1,654,439 is "O&M related to Lewisville (nonrecurring)." These were incidents in Texas where the O&M impact was removed from the composite calculation as they were one-time items. These amounts are not related to OPEB. As these are FY19 amounts, they do not impact O&M expense allocation in this filing.
- b. The Company is continuing to research the support for these adjustments and will supplement this response when the data is available.

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SUPPLEMENTAL RESPONSE:

- a. The O&M amount of \$2,022,618 related to the release of mud from drilling activities that resulted in damage to a residence in Lewisville, Texas. There was a settlement related to the damages, which included the purchase of the house and related costs and totaled \$2,022,618. This activity was outside the normal course of operations and was a one-time, non-recurring unique item that was recorded to the O&M activity of the Atmos Pipeline - Texas Division and was ultimately offset by proceeds from the sale of the property purchased. It was therefore adjusted out of the composite calculation for 2019. To clarify, the original response states this adjustment was related to the event in Georgetown, Texas, described below, but upon further review it was confirmed that this amount relates to the event in Lewisville, Texas. Please see supplemental confidential Attachment 1.

On February 20, 2019, Atmos Energy's Mid-Tex Division discovered a gas leak in Georgetown, Texas. Due to the natural gas readings in a sizeable area surrounding the leak site, extended mitigative actions were required in the area over a prolonged period of time. These actions included evacuation of a number of residential and commercial customers and a prolonged service outage in the area. This resulted in O&M costs such as the costs associated with relocating impacted customers and customer assistance during the evacuation and outage, out of the ordinary leak survey costs, and business interruption claims. A portion of these costs were eventually reimbursed through insurance. As a result of these circumstances, it was therefore adjusted out of the composite calculation for 2019. To clarify, the original response states this adjustment was related to the event in Lewisville, Texas, described above, but upon further review it was confirmed that this amount relates to the event in Georgetown, Texas. Please see supplemental Attachment 2.

ATTACHMENTS:

CA_1-08_Att1_Suppl - APT Lewisville May-19 (CONFIDENTIAL).pdf
CA_1-08_Att2_Suppl - Georgetown Update and Forecast 10.4.19.pdf

MidTex Georgetown Projects @10/4/2019

Source of detail schedule MTX Finance Department

	ACTUALS TO DATE 3/21/2019	ACTUALS TO DATE 3/28/2019	YTD March Actuals 3/31/2019	ACTUALS TO DATE 4/11/2019	ACTUALS TO DATE 4/18/2019	ACTUALS TO DATE 4/25/2019	ACTUALS TO DATE 5/3/2019	ACTUALS TO DATE 5/10/2019	ACTUALS TO DATE 5/17/2019	ACTUALS TO DATE 6/3/2019	ACTUALS TO DATE 6/20/2019	ACTUALS TO DATE 6/30/2019	YTD July Actuals 7/31/2019	ACTUALS TO DATE 8/23/2019	ACTUALS TO DATE 9/6/2019	ACTUALS TO DATE 9/26/2019	ACTUALS TO DATE 9/30/2019
O&M project 080.63908																	
Per Diem - Residential Funding	\$ 125,350	\$ 177,225	\$ 196,800	\$ 196,800	\$ 296,000	\$ 302,800	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500	\$ 304,500
Per Diem - Commerical Funding	\$ 181,700	\$ 239,300	\$ 260,300	\$ 260,300	\$ 358,700	\$ 367,000	\$ 376,100	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900	\$ 375,900
Total Per Diem Funding	\$ 307,050	\$ 416,525	\$ 457,100	\$ 457,100	\$ 654,700	\$ 669,800	\$ 680,600	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400	\$ 680,400
Expense Reimbursement - Residential	\$ 10,970	\$ 11,324	\$ 11,324	\$ 11,324	\$ 22,807	\$ 24,021	\$ 35,404	\$ 36,286	\$ 36,286	\$ 37,189	\$ 37,541	\$ 37,541	\$ 37,541	\$ 37,541	\$ 37,541	\$ 37,541	\$ 37,541
Business Interruption Claims	\$ 433,380	\$ 465,946	\$ 501,169	\$ 511,784	\$ 1,078,705	\$ 1,092,293	\$ 1,320,557	\$ 1,321,416	\$ 1,323,145	\$ 1,435,269	\$ 1,557,641	\$ 1,574,777	\$ 1,581,520	\$ 1,668,573	\$ 1,792,181	\$ 1,959,574	\$ 1,959,574
Business Claims Check Request																\$ 35,520	\$ 35,520
Total Claim Advance	\$ 444,350	\$ 477,270	\$ 512,493	\$ 523,108	\$ 1,101,512	\$ 1,116,314	\$ 1,355,961	\$ 1,357,702	\$ 1,359,431	\$ 1,472,458	\$ 1,595,182	\$ 1,612,318	\$ 1,619,061	\$ 1,706,114	\$ 1,829,722	\$ 2,032,635	\$ 2,032,635
Subtotal Funding	\$ 751,400	\$ 893,795	\$ 969,593	\$ 980,208	\$ 1,756,212	\$ 1,786,114	\$ 2,036,561	\$ 2,038,102	\$ 2,039,831	\$ 2,152,858	\$ 2,275,582	\$ 2,292,718	\$ 2,299,461	\$ 2,386,514	\$ 2,510,122	\$ 2,713,035	\$ 2,713,035
Insurance Receivable										\$ (2,189,494)	\$ (2,448,198)	\$ (2,448,198)	\$ (2,448,198)	\$ (2,448,198)	\$ (3,166,269)	\$ (3,166,269)	\$ (3,166,269)
Hotels for evacuees/meeting rooms		\$ 88,781	\$ 118,760	\$ 94,598	\$ 274,159	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 559,713	\$ 559,713
Non capital Employee T&E	\$ 17,200	\$ 35,796	\$ 62,587	\$ 75,166	\$ 112,383	\$ 139,826	\$ 207,132	\$ 198,555	\$ 232,693	\$ 271,343	\$ 314,571	\$ 302,061	\$ 449,669	\$ 452,781	\$ 452,781	\$ 232,419	\$ 254,468
Materials/Supplies/Equipment	\$ 37,000	\$ 41,416	\$ 41,417	\$ 42,252	\$ 77,734	\$ 96,360	\$ 99,144	\$ 102,459	\$ 131,923	\$ 178,190	\$ 162,412	\$ 177,848	\$ 211,552	\$ 231,960	\$ 232,117	\$ 236,075	\$ 236,107
Aerial patrols (Lasen)		\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961
Leak surveying (Heath)		\$ 29,806	\$ 121,023	\$ 185,348	\$ 214,966	\$ 214,966	\$ 275,765	\$ 275,765	\$ 275,765	\$ 280,088	\$ 280,088	\$ 281,588	\$ 281,626	\$ 282,453	\$ 282,453	\$ 400,985	\$ 400,985
Pressure Testing		\$ 17,642	\$ 17,642	\$ 17,642	\$ 17,642	\$ 17,642	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948	\$ 134,948
Dr. Bryant Consultant								\$ -	\$ -	\$ -			\$ 151,779	\$ 151,779	\$ 151,779	\$ 151,779	\$ 170,061
ServPro				\$ 8,720	\$ 12,773	\$ 12,792	\$ 24,079	\$ 25,813	\$ 25,813	\$ 27,026	\$ 27,026	\$ 27,026	\$ 27,026	\$ 27,026	\$ 27,026	\$ 27,026	\$ 27,026
Contract Licensed Adjusters								\$ -	\$ -				\$ 27,636	\$ 196,737	\$ 196,737	\$ 196,737	\$ 251,447
Rental of Customer Service Trailer																\$ 10,647	\$ 10,647
Other	\$ 3,780	\$ 38,873	\$ 45,497	\$ 40,239	\$ 11,020	\$ 11,152	\$ 60,904	\$ 52,500	\$ 52,489	\$ 52,784	\$ 52,772	\$ 87,071	\$ 62,510	\$ 55,368	\$ 55,368	\$ 61,312	\$ 61,310
Subtotal O&M excluding Funding / Insurance	\$ 57,980	\$ 252,314	\$ 407,887	\$ 464,926	\$ 721,638	\$ 843,699	\$ 1,152,933	\$ 1,141,001	\$ 1,204,592	\$ 1,295,340	\$ 1,322,778	\$ 1,540,918	\$ 1,866,808	\$ 1,884,013	\$ 1,884,170	\$ 2,012,602	\$ 2,107,673
Total O&M project 080.63908	\$ 809,380	\$ 1,146,109	\$ 1,377,480	\$ 1,445,134	\$ 2,477,850	\$ 2,629,813	\$ 3,189,494	\$ 3,179,103	\$ 3,244,423	\$ 1,258,704	\$ 1,150,162	\$ 1,385,438	\$ 1,718,071	\$ 1,822,330	\$ 1,228,023	\$ 1,559,368	\$ 1,654,439