

Docket No. 25-00007
Atmos Energy Corporation, Tennessee Division
Staff DR Set No. 2
Question No. 2-01
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Electronically Filed in TPUC Docket
Room on April 25, 2025 at 2:23 p.m.

REQUEST:

Provide a copy of the full (i.e., all pages) actuarial report for the year ending September 30, 2024, which includes the Company's actuarially computed minimum required pension contribution and the portion of such amount allocated to Atmos' Tennessee service area. Company relied-upon file "g. TN-FY24 – Allocation with Assets" appears to include only select pages from the report and does not include the minimum required pension contribution.

RESPONSE:

Note that the Company's relied-upon file "g. TN-FY24 – Allocation with Assets.xlsx" contains a letter prepared by Willis Towers Watson US LLC ("WTW") specifically for the purpose of calculating the amount of the Company's Pensions Projected Benefit Obligation ("PBO"), Assets, and Net Periodic Pension Cost ("NPPC") that are attributable to Tennessee residents who participate in the Pension Account Plan ("PAP"). This data is used in accordance with the Approved Methodologies established in Docket No. 14-00146 to allocate the Company's actual pension contributions for the current fiscal year.

The letter is prepared by WTW for Tennessee based on the PAP disclosure reports. The full letter is included below as Attachment 1. See bookmarked confidential Attachment 2 for the Actuarial Reports for FY24 and FY25 prepared by WTW.

ATTACHMENTS:

Staff_2-01_Att1 - WTW TN-FY2024- Pension Allocation.pdf

Staff_2-01_Att2 - FY24 and FY25 PAP Disclosure Reports (CONFIDENTIAL).pdf



500 N Akard Street
Suite 4300
Dallas TX 75201

T 214 530 4200
F 214 530 4250

wtwco.com

November 7, 2024

Ms. Kim Pettineo
Manager, Disability & Retirement
Atmos Energy Corporation
5430 LBJ Freeway, Suite 500
Dallas, TX 75240

Dear Kim:

As requested, we are providing an estimate of the September 30, 2023 Projected Benefit Obligation (PBO), assets, and the FY2024 Net Periodic Pension Cost (NPPC) attributable to Tennessee residents who participate in the Atmos Energy Corporation Pension Account Plan (PAP). The PBO and assets are split based on the groupings provided in May of 2012.

The ASC 715 PBO and fair value of assets as of September 30, 2023 and the FY2024 NPPC for the Pension Account Plan are \$431.6 million, \$502.4 million and \$6.4 million, respectively. The allocation of these amounts by group is shown in the table below.

ASC 715 PBO					
	Counts	as of 9/30/2023	Assets as of 9/30/2023	%	FY 2024 NPPC
Inactive Pre GO Merger	47	3,877,000	4,522,000	0.9%	(36,000)
Active GO	13	2,722,000	3,014,000	0.6%	81,000
Inactive GO After Merger	8	2,061,000	2,512,000	0.5%	(16,000)
Inactive TN	176	13,596,000	16,077,000	3.2%	(119,000)
Active TN	59	8,173,000	9,546,000	1.9%	229,000
Active SS	173	24,791,000	28,637,000	5.7%	872,000
Active CSO SS	241	16,172,000	18,589,000	3.7%	632,000
Inactive SS	281	25,683,000	30,145,000	6.0%	(219,000)
Other	3,515	334,485,000	389,370,000	77.5%	4,979,000
Total	4,513	431,560,000	502,412,000	100.0%	6,403,000

Our calculations were based on the following:

- Participant groupings were provided by Atmos in May 2012
- PBO, service cost and interest cost determined directly for participants
- Assets as of September 30, 2023, expected return on assets, and gain/loss amortization allocated based on PBO.

The calculations in this letter apply only to the Atmos Energy Corporation Pension Account Plan and not to any other qualified or executive benefit plans.

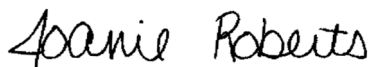
The information contained above was prepared for the internal use of Atmos Energy in connection with the rate case analysis for Tennessee. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard.

The results included in this letter are based on the data, assumptions, methods and plan provisions outlined in the actuarial valuation report to determine accounting requirements for the plan for the plan year beginning October 1, 2023 delivered in November 2023. Therefore, the descriptions of the data, assumptions, methods, models, plan provisions and limitations of the valuation report and its use should be considered part of this letter report.

The undersigned consultants with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. To our knowledge, our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC.

Let us know if you have any questions.

Regards,



Joanie Roberts, ASA, EA
Senior Director, Retirement



Merrick Johnson, FSA, EA
Associate Director, Retirement

Docket No. 25-00007
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Staff DR Set No. 2
Question No. 2-02
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REQUEST:

Refer to Excel file 2025 Atmos Energy TN ARM Filing - Revenue Requirements Schedules.xls, WP_5-1. Provide a thorough explanation for why the annual allocation percentage for Division 002's other taxes is 4.3% and not 3.9% as used for allocating applicable rate base items and depreciation expenses. It appears the issue is the amount allocated for November 2023, which has a computed allocation equal to 11.6% of that month's total other taxes.

RESPONSE:

During preparation of this response, the Company discovered that the submitted relied file "n. Taxes other historica.xlsx" failed to include sub accounts 30102 "Taxes Property & Other" and 30103 "Occupational Licenses".

See Attachment 1 for an updated WP_5-1 with the annual allocation percentage for Division 002's correctly showing at 3.9%.

The update has no impact on the filing. Schedule 5 "Taxes Other Than Income Taxes", Line 1, links to WP_5-1, Line 15, per books FY24 FERC 408.1 balance of Division 093 which includes correctly allocated balances from Div 091, 002 & 012.

ATTACHMENT:

Staff_2-02_Att1 - WP_5-1 - Taxes Other.xlsx

ATMOS ENERGY CORPORATION
TENNESSEE DISTRIBUTION SYSTEM ("TN ARM") - COST OF SERVICE FILING
TAXES OTHER THAN INCOME TAXES
TEST YEAR ENDING SEPTEMBER 30, 2024

Line No.	Description	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Fiscal Year 2024
1	Division 093													
2	FICA	\$ 13,766	\$ 42,442	\$ 19,512	\$ 14,409	\$ 12,782	\$ 14,120	\$ 9,745	\$ 35,456	\$ 15,479	\$ 16,940	\$ 14,381	\$ 17,920	\$ 226,951
3	FUTA	9	25	6	1,434	(151)	(72)	7	59	34	13	14	(0)	1,380
4	SUTA	7	8	4	439	120	(40)	(10)	15	13	9	4	6	575
5	Payroll Tax Projects	-	-	-	-	378	(378)	-	-	-	-	-	-	-
6	Ad Valorem	(38,352)	440,448	201,048	386,425	(400,730)	399,270	399,270	399,270	426,013	426,013	426,013	426,013	3,490,701
7	30105 Corp/State Franchise Tax	125,833	125,833	125,833	125,833	125,833	125,833	125,833	125,833	(1,330,270)	75,834	75,834	338,654	166,716
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	1,430	167	3,263
9	30109 State Gross Receipts	88,224	121,923	203,147	234,952	192,507	125,906	99,249	66,123	54,842	51,590	51,171	53,777	1,343,411
10	30104 State Supv & Inspection	78,815	78,815	78,815	78,815	78,815	78,815	58,124	58,124	58,124	58,124	58,124	58,124	821,631
11	30108 Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Division 91 Allocations	122,455	(116,696)	22,337	18,150	16,631	15,202	20,052	17,565	14,985	26,757	16,307	14,798	188,542
13	Division 12 Allocations	12,946	11,712	13,457	18,441	13,805	13,883	14,484	20,312	6,535	17,705	11,453	12,272	167,004
14	Division 02 Allocations	16,515	34,454	11,382	23,141	18,600	18,429	19,294	28,382	8,987	26,376	16,496	17,446	239,502
15	Div 093 Total	\$ 420,383	\$ 739,131	\$ 675,707	\$ 902,204	\$ 58,757	\$ 791,136	\$ 746,215	\$ 751,305	\$ (745,092)	\$ 699,527	\$ 671,226	\$ 939,176	\$ 6,649,676
16														
17	Division 091													
18	FICA	\$ 41,010	\$ (28,306)	\$ 52,356	\$ 40,923	\$ 39,232	\$ 35,946	\$ 47,293	\$ 41,343	\$ 35,281	\$ 63,124	\$ 38,427	\$ 34,870	\$ 441,499
19	FUTA	7	27	4	1,435	(142)	(74)	8	57	26	9	11	(0)	1,368
20	SUTA	6	8	3	439	128	(41)	(10)	14	10	7	3	5	572
21	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Ad Valorem	248,400	(247,540)	430	100	100	100	100	100	100	100	100	100	2,190
23	30103 Occupational Licences	-	-	-	-	(10)	-	-	-	-	-	-	-	(10)
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Div 091 Total	\$ 289,422	\$ (275,811)	\$ 52,793	\$ 42,897	\$ 39,308	\$ 35,930	\$ 47,392	\$ 41,514	\$ 35,417	\$ 63,240	\$ 38,541	\$ 34,975	\$ 445,619
26														
27	Division 002													
28	FICA	\$ 385,208	\$ 255,202	\$ 408,575	\$ 468,413	\$ 428,068	\$ 430,229	\$ 439,640	\$ 676,598	\$ 175,564	\$ 591,578	\$ 369,488	\$ 394,338	\$ 5,022,900
29	FUTA	398	658	(21)	31,219	(229)	(146)	(61)	835	355	499	653	431	34,591
30	SUTA	771	856	110	37,688	3,313	(9,404)	3,025	1,031	504	610	778	755	40,035
31	Payroll Tax Projects	556	571	348	282	146	690	730	562	535	668	421	407	5,914
32	Ad Valorem	40,400	638,900	(114,353)	61,300	50,200	55,700	55,700	55,700	55,700	55,700	55,700	55,700	1,066,347
33	30103 Occupational Licences	-	-	-	-	-	-	441	-	-	1,492	-	-	1,933
34	30106 Excise Taxes	186	-	-	161	-	-	-	-	-	32,249	-	-	32,595
35	Div 002 Total	\$ 427,517	\$ 896,188	\$ 294,658	\$ 599,062	\$ 481,498	\$ 477,070	\$ 499,474	\$ 734,726	\$ 232,657	\$ 682,795	\$ 427,040	\$ 451,630	\$ 6,204,316
36		3.86%	3.84%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%	3.86%
37	Division 012													
38	FICA	\$ 211,980	\$ 181,707	\$ 215,745	\$ 293,997	\$ 246,920	\$ 251,514	\$ 256,593	\$ 379,018	\$ 91,849	\$ 325,029	\$ 194,283	\$ 211,508	\$ 2,860,142
39	FUTA	219	387	(17)	19,485	(365)	(93)	(42)	477	185	273	344	231	21,085
40	SUTA	423	506	55	23,524	1,707	(5,617)	1,795	587	263	334	410	404	24,391
41	Ad Valorem	57,800	57,800	65,320	48,200	40,100	44,200	44,200	44,200	44,200	44,200	44,200	44,200	578,620
42	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Div 012 Total	\$ 270,422	\$ 240,400	\$ 281,103	\$ 385,206	\$ 288,362	\$ 290,003	\$ 302,546	\$ 424,282	\$ 136,497	\$ 369,835	\$ 239,238	\$ 256,343	\$ 3,484,238