

TENNESSEE PUBLIC UTILITY COMMISSION



Andrew Jackson State Office Bldg.
502 Deaderick Street, 4th Floor
Nashville, TN 37243-0001

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Room April 2, 2026 at 1:52 p.m.

April 2, 2026

Docket 26-00009

Erik Lybeck
Sims|Funk, PLC
3102 West End Avenue
Suite 1100
Nashville TN 37203
elybeck@simsfunk.com

sent via email

Re: *Petition of Atmos Energy Corporation for Approval of its 2026 Annual Rate Review Filing Pursuant to Tennessee Code Annotated § 65-5-103(d)(6)*

Dear Mr. Lybeck:

To assist the Commission in its continuing evaluation of this matter, please respond to the following requests for information:

1. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Revenue Requirements Schedules.xls, Schedule 7. Provide a comprehensive explanation for the year-to-year increase in each of the following rate base components. For each rate base component and related year-to-year increase listed below, provide a description of and the benefits accruing to customers for the underlying capital investments.
 - a. Gross Cost of Plant (UPIS), \$99 million (10.4%) increase vs. PY filing
 - b. Construction Work in Process (CWIP), \$1.2 million (3.4%) increase vs. PY filing
2. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Revenue Requirements Schedules.xls, Schedule 7R. Provide a thorough explanation for the year-to-year increase in each of the following rate base components. For each rate base component and related year-to-year increase listed below, provide a description of and the benefits accruing to customers for the underlying capital investments.
 - a. Gross Cost of Plant (UPIS), \$81.5 million (9.0%) increase vs. PY filing
 - b. Construction Work in Process (CWIP), \$14.4 million (58.1%) increase vs. PY filing

3. Provide a thorough analysis of any new or incremental revenue generated by the noticeable growth in rate base during the reporting period. Provide this analysis on a project-by-project basis and the associated revenue generated (current and future) by each project. Also provide the cost/benefit analysis of each project. Explain the sources of information and assumptions used in conducting the analysis.
4. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Variances Report.xlsx, worksheet '093 O&M Acct.' Provide additional explanation for the significant increase in each of the following operating expenses. For each expense and its related year-to-year increase listed below, provide a discussion of the specific driver(s) for the increase, along with proper justification of Atmos' need for the increased expenditures.
 - a. Mains expenses, account 8560: Explain the year-to-year variability and the significant increases in 2023 and 2025.
 - b. Mains and services expenses, account 8740: Explain the significant 3-year growth since 2022 and the significant growth during 2025.
 - c. Injuries & damages, account 9250: Why are settlements growing so much over the last 3-year period and especially during 2025?
5. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Variances Report.xlsx, worksheet '093 O&M Sub Acct.' Provide additional explanation for the significant increase in each of the following operating expenses. For each expense and its related year-to-year increase listed below, provide a discussion of the specific driver(s) for the increase, along with proper justification of Atmos' need for the increased expenditures.
 - a. Building maintenance, sub-account 04582: Explain the significant 3-year growth since 2022 and the significant growth during 2025.
 - b. Transportation, sub-account 05413: Explain the significant 3-year growth since 2022 and the significant growth during 2025. COVID recovery is cited, but, since it has been 5 years since 2020, what other factors are at play in the large increases?
 - c. Bill print fees, sub-account 06116: What specifically is driving the significant 3-year growth since 2022 and the significant growth during 2025?
6. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Variances Report.xlsx, worksheet '091 O&M Acct.' Provide additional explanation for the significant increase in each of the following allocated expenses. For each expense and its related year-to-year increase listed below, provide a discussion of the specific driver(s) for the increase, along with proper justification for the increased allocations.
 - a. Distribution-other expenses, account 8800: Provide more detail and explanation for the large increase in these expenses during 2025.
 - b. Injuries & damages, account 9250: Why are workers compensation expenses growing so much over the last 3-year period and especially during 2025?
7. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Variances Report.xlsx, worksheet '091 O&M Sub Acct.' Provide a more thorough explanation for the 3-year and most recent increases in sub-account 06111, Contract labor. This account increased significantly since 2022 and 2025 experienced another large increase. Provide a thorough discussion of the driver(s) for these increased allocations.
8. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Variances Report.xlsx, worksheet '002 O&M Sub Acct.' Provide a more thorough explanation for the 3-year and most recent

increases in sub-account 06111, Contract labor. This account increased significantly since 2022 and 2025 experienced another large increase. Provide a thorough discussion of the driver(s) associated with these increased allocations.

9. Refer to Excel file 2026 Atmos Energy TN ARM Filing - Variances Report.xlsx, worksheet '012 O&M Acct.' Provide a more thorough explanation for the 3-year and most recent increases in account 9200, Administrative & general salaries. This account increased significantly since 2022 and 2025 experienced another large increase. Provide a thorough discussion of the driver(s) for these allocation increases.

A response is requested no later than Friday, April 17. In accordance with the Commission's rules, please submit your response electronically to the Docket Manager at tpuc.docketroom@tn.gov with the original and four copies also mailed to the Docket Manager. Should you have questions or need clarification of this request, please contact Craig Cox at craig.cox@tn.gov.

Sincerely,



Michelle Mairs, Audit and Compliance Director
Utilities Division

cc: Docket File
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