



August 29, 2013

RECEIVED  
AUG 30 2013  
PUBLIC SERVICE  
COMMISSION

Jeff DeRouen  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

**RE: Case No. 2013-00304; Pipe Replacement Program (PRP) Filing**

Dear Mr. DeRouen,

Atmos Energy Corporation (Company) herewith submits an original and six copies of the Company's responses to the Commission Staff's first set of informational requests per the above referenced case. The Company's responses are in compliance with the Commission's Order dated August 21, 2013. Please update the service list with the following address:

Mark A. Martin  
Vice President, Rates & Regulatory Affairs  
Atmos Energy Corporation  
3275 Highland Pointe Drive  
Owensboro, KY 42303

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Martin".

Mark A. Martin  
Vice President – Rates & Regulatory Affairs

Enclosures

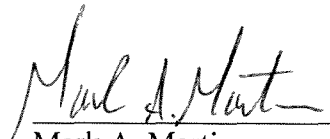
cc: Randy Hutchinson  
Dennis Howard

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY )  
CORPORATION TO ESTABLISH PRP ) Case No. 2013-00304  
RIDER RATES FOR THE TWELVE MONTH )  
PERIOD BEGINNING OCTOBER 1, 2013 )


AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the attached responses to Commission Staff's first request for information are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Mark A. Martin

STATE OF Kentucky  
COUNTY OF Daviess

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this the 27th day of August, 2013.

  
\_\_\_\_\_  
Notary Public - State of Kentucky at Large  
My Commission Expires: Sept. 26, 2013  
Notary ID: 403674

**Case No. 2013-00304**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff RFI Set No. 1**  
**Question No. 1-01**  
**Page 1 of 1**

**REQUEST:**

Provide Exhibits B through K of the application in electronic format, with formulas intact and unprotected.

**RESPONSE:**

Please see Attachment for the electronic format of the application, which is being provided on CD Only.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, Staff\_1-01\_Att1 - UPDATED G-2 Customer and Volumes Complete 2014 KY PRP (with links).xls, CD Only.

Respondent: Mark Martin

**Case No. 2013-00304**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff RFI Set No. 1**  
**Question No. 1-02**  
**Page 1 of 1**

**REQUEST:**

Refer to Exhibits B, C, and D of the application. On Exhibits C and D, totals for each of the categories for 2011 and 2012 are calculated using actual numbers. Totals for 2013 and 2014 are calculated using budgeted numbers. On Exhibit B, Line 5, Cost of Removal to Accumulated Depr. was calculated using only budgeted numbers. Explain why cost of removal to accumulated depreciation for the years 2011 and 2012 is not calculated using actual numbers, as are the other items on Exhibit B.

**RESPONSE:**

Cost of Removal to Accumulated Depr. for 2011 is calculated using actual numbers. Please refer to Attachment 1, tab K-1. Cost of Removal to Accumulated Depr. for 2012 is calculated using budgeted numbers because the actual numbers were previously captured in the True-up component. Please see Exhibit B.1 Line 5 for 2012 True-up component using actual numbers.

Respondent: Mark Martin

**Case No. 2013-00304**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff RFI Set No. 1**  
**Question No. 1-03**  
**Page 1 of 1**

**REQUEST:**

Refer to Exhibit F of Atmos's application.

- a. Confirm the value of 7.7 percent for Tax Depreciation Rates-" Year 4 is the appropriate rate as set out by half-year convention Modified Accelerated Cost Recovery System ("MACRS") depreciation for 15 year assets.
- b. Explain whether Atmos intends to use half-year convention MACRS depreciation for future Pipe Replacement Program ("PRP") filings.

**RESPONSE:**

- a) It is confirmed that 7.7 percent is the appropriate rate.
- b) Yes, Atmos Energy intends to continue to use the MACRS depreciation table consistent with filings in 2011 and 2012.

Respondent: Mark Martin

**Case No. 2013-00304**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff RFI Set No. 1**  
**Question No. 1-04**  
**Page 1 of 1**

**REQUEST:**

Refer to Exhibit B, line 33, Total Rate Adjustment Plus True-up of \$7,914,369. Multiplying the proposed rates by the billing determinants from Exhibit I produces revenues of \$7,909,574, a deficiency of \$4,795. Explain whether Atmos is aware that the rates as designed will not generate the revenue requirement.

**RESPONSE:**

The deficiency of \$4,795 is due to rounding the customer charge rates to two decimal points, which is the rate that is presented on the customers' bill.

Respondent: Mark Martin

**Case No. 2013-00304**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff RFI Set No. 1**  
**Question No. 1-05**  
**Page 1 of 1**

**REQUEST:**

Refer to Exhibit J, Line 7. The number of customers projected for October 2013 through September 2014 for the G-2 Industrial Interruptible class is 12, double the number in the last PRP application. Explain the projected increase in this customer class.

**RESPONSE:**

Upon further review, the Company has updated the projections for both G-2 Commercial and Industrial Interruptible classes with more accurate information. Please refer to the CD provided in the Company's response to Staff DR No. 1-01 for the updated schedule Exhibit J. Also, please see Attachment 2 for the updated tariff page showing the applicable rates for G-2 Commercial and Industrial Interruptible classes.

**ATTACHMENT:**

ATTACHMENT 1 - Atmos Energy Corporation, Staff\_1-05\_Att1 - UPDATED KY PRP 2014 - G2 Rate Update 201310 Sheet No 44.doc, 1 Page.

Respondent: Mark Martin

**FOR ENTIRE SERVICE AREA**

**PSC KY NO. 1**

**FIFTH REVISED SHEET NO. 44**

**CANCELLING PSC KY NO.**

**FOURTH REVISED SHEET NO. 44**

**Atmos Energy Corporation**  
(NAME OF UTILITY)

**Pipe Replacement Program Rider**

**4. Pipe Replacement Rider Rates**

The charges for the respective gas service schedules for the revenue month beginning October 1, 2013 per billing period are:

	Monthly Customer Charge		Distribution Charge per Mcf	
Rate G-1 (Residential)	\$ 2.61		\$0.00	(I)
Rate G-1 (Non-Residential)	\$ 8.42		\$0.00	(I)
Rate G-2	\$53.92		\$0.0995 per 1000 cubic feet	(I,I)
Rate T-3	\$38.24	1-15000	\$0.0810 per 1000 cubic feet	(I,I)
		Over 15000	\$0.0527 per 1000 cubic feet	(I)
Rate T-4	\$41.10	1-300	\$0.1165 per 1000 cubic feet	(I,I)
		301-15000	\$0.0816 per 1000 cubic feet	(I)
		Over 15000	\$0.0530 per 1000 cubic feet	(I)

DATE OF ISSUE July 31, 2013  
MONTH / DATE / YEAR

DATE EFFECTIVE October 1, 2013  
MONTH / DATE / YEAR

ISSUED BY /s/ Mark A. Martin  
SIGNATURE OF OFFICER

TITLE Vice President – Rates & Regulatory Affairs

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



Case No. 2013-00304  
Atmos Energy Corporation, Kentucky Division  
Staff RFI Set No. 1  
Question No. 1-06  
Page 1 of 1

**REQUEST:**

Refer to Exhibit J, Line 16. The volumes of gas budgeted for October 2013 and May 2014 through September 2014 differ substantially from the volumes in Atmos's last PRP application, despite the number of customers in this class having remained the same. Identify and describe the factors to which Atmos attributes this difference.

**RESPONSE:**

Please see the Company's response to Staff DR No. 1-05.

Respondent: Mark Martin

**Case No. 2013-00304**  
**Atmos Energy Corporation, Kentucky Division**  
**Staff RFI Set No. 1**  
**Question No. 1-07**  
**Page 1 of 1**

**REQUEST:**

Refer to the last page of Exhibit K-2, Tab 2, 2012 Project Details.

- a. Explain the relatively large variance between the \$163,537 Total budgeted 2012 projects cost for installation of meters compared to the Actual 2012 Project Costs for meter installation of \$42,092.
- b. Explain the relatively large variance between the 2012 total budgeted and actual cost for retirements for:
  - (1) Main in the amount of \$609,630, compared with the actual cost of \$1,172,154;
  - (2) Services in the amount of \$569,353, compared with the actual cost of \$1,094,712; and
  - (3) Meters in the amount of \$43,495, compared with the actual cost of \$83,629.
- c. Explain whether there is a reason, other than coincidence, why the Actual 2012 Projects Cost for the installation of meters, in the amount of \$43,092, plus the cost of removal for meters, in the amount of \$43,508, is within \$3,000 of the \$83,629 retirement cost for meters.

**RESPONSE:**

- a) The difference between the budgeted and actual amounts for meter installation is due mainly to the lower costs for this service than anticipated in the budgeted amount. This difference will be captured in the true-up adjustment in the current filing.
- b) Retirement amounts are estimated on an annual basis based on the best knowledge available about the project that the Company plans to execute the following year. To the extent that actual retirements differ from budgeted retirements, the revenue requirement associated with the difference is captured in the true-up component.
- c) These amounts are the actual costs for the installation and cost of removal of meters for the 2012 program year. There is no intentional reason that those dollar amounts are within \$3,000 of the retirement cost for meters.

Respondent: Mark Martin