

SEP 08 2014
PUBLIC SERVICE
COMMISSION

September 5, 2014

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

RE: Case No. 2014-00274; Pipe Replacement Program (PRP) Filing

Dear Mr. DeRouen,

Atmos Energy Corporation (Company) herewith submits an original and ten 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 28, 2014.

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

Sincerely,

Mark A. Martin

Vice President - Rates & Regulatory Affairs

Enclosures

cc: Randy Hutchinson

COMMONWEALTH OF KENTUCKY

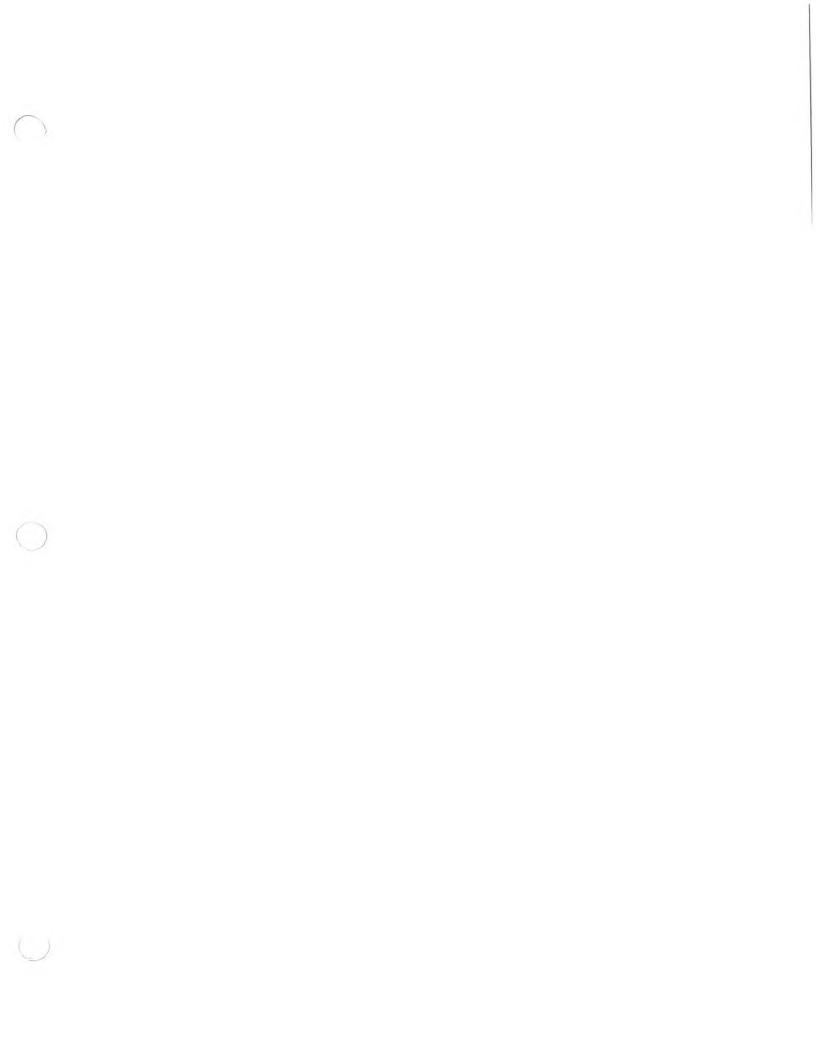
BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY	
CORPORATION TO ESTABLISH PRP) Case No. 2014-00274
RIDER RATES FOR THE TWELVE MONT	TH)
PERIOD BEGINNING OCTOBER 1, 2014)
AFFID	AVIT
The Affiant, Mark A. Martin, being attached responses to Commission Staff's fir to the best of his knowledge and belief.	g duly sworn, deposes and states that the est request for information are true and correct Mark A. Martin
STATE OF Kentucky	
COUNTY OF <u>Daviess</u>	
SUBSCRIBED AND SWORN to before me	by Mark A. Martin on this the 3rd day of

PEARL ANN SIMON NOTARY PUBLIC KENTUCKY, STATE AT LARGE MY COMMISSION EXPIRES 09-26-17 NOTARY ID 496385

September, 2014.

Hearl Anu Simon
Notary Public
My Commission Expires: Sept. 26, 2017



Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-01 Page 1 of 1

REQUEST:

Refer to Exhibit B, line 33, Increase in deficiency of \$4,316,793. Multiplying the proposed rates by the billing determinants from Exhibit I produces revenues of \$4,307,883, or a shortfall of \$8,910. Explain whether Atmos is aware that the rates as designed will not generate the revenue requirement.

RESPONSE:

Yes, Atmos Energy is aware that the rates as designed will not generate the revenue requirement as the deficiency of \$8,910 is due to rounding the customer charge rates to two decimal points, which is the rate that shows up on the customer's bill.

Respondent: Mark Martin

Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-02 Page 1 of 1

REQUEST:

Refer to Exhibit F, Deferred Income Taxes.

- a. Confirm that Atmos used half-year convention Modified Accelerated Cost Recovery System ("MACRS") depreciation for its Tax Depreciation Rates consistent with its statement in Case No. 2013-00304.1
- Confirm that for tax depreciation purposes, the depreciation rates are the same for Mains, Services, and Meters.
- State whether Atmos uses bonus depreciation for income tax purposes in conjunction with the MACRS 15-year depreciation rates.
- d. Explain why there is no provision for the Public Service Commission Assessment in the tax rates.

RESPONSE:

- Atmos Energy confirms the use of the half-year convention MACRS depreciation for its Tax Depreciation Rates which is consistent with Case No. 2013-00304.
- b) Atmos Energy confirms that for tax depreciation purposes, the depreciation rates are the same for Mains, Services and Meters.
- c) For forward-looking test periods, Atmos Energy does not use bonus deprecation for income tax purposes unless the bonus deprecation has been approved by regulations for the forward looking period. For the current forward looking period, Atmos Energy has not applied bonus deprecation as there is not currently approved regulations allowing for bonus deprecation during this test period.
- d) Atmos Energy agrees that the Public Service Commission Assessment should have been included as well as the uncollectable accounts expense in the calculation of the Gross Revenue Conversion Factor. Please see the attached correction in the Company's response to Staff DR No. 1-03, which includes both the as-filed and the revised revenue requirement.

Respondent: Mark Martin



Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-03 Page 1 of 1

REQUEST:

Provide Exhibit I of the application in electronic format, with formulas intact and unprotected.

RESPONSE:

Please see Attachment 1 and Attachment 2. Attachment 1 is the revenue requirement as it was originally filed. Attachment 2 represents an updated version to correctly account for the Public Service Commission Assessment and Uncollectable Accounts Expense in the Gross Revenue Conversion Factor.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Staff_1-03_Att1 - 2015 KY PRP FILING COPY.xlsx, 18 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, aff_1-03_Att2 - 2015 KY PRP FILING COPY_updated.xlsx, 18 Pages.

Respondent: Mark Martin

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 SURCHARGE SUMMARY

Line				astomer	Volumetric
Number	Tariff Schedule		(harge	Charge
1	RESIDENTIAL (Rate G-1)		\$	1.40	0.0000
2	NON-RESIDENTIAL (Rate G-1)		\$	4.40	0.0000
3	INTERRUPTIBLE (Rate G-2)		\$	27.34	
4		Sales: 1-15,000			0.0441
5		Sales: Over 15,000			0.0296
6	TRANSPORTATION (T-3)		\$	22.58	
7		Interrupt Transport: 1-15,000			0.0458
8		Interrupt Transport: Over 15,000			0.0307
9	TRANSPORTATION (T-4)		\$	21.51	
10		Firm Transport: 1-300			0.0728
11		Firm Transport: 301-15,000			0.0486
12		Firm Transport: Over 15,000			0.0342

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 DEFICIENCY

Line Number	Description		Total
Mulliber	Description		Total
1	Project Additions	\$	36,024,876
2	Project Retirements		(3,770,848)
3	Net Change to Gross Plant	\$	32,254,027
4			
5	Cost of Removal to Accumulated Depr.		234,920
6	Retirements from Accumulated Depr.		3,770,848
7	Depreciation Accrual to Accumulated Depr.		(445,499)
8	Net Change to Accumulated Depreciation		3,560,269
9			
10	Net Change to Net Plant	\$	35,814,297
11			
12	Accumulated Deferred Income Taxes	*	(431,865)
13	Net Change to Rate Base	\$	35,382,432
14			
15	Rate of Return		7.71%
16	Required Operating Income	\$	2,727,905
17			
18	Depreciation & Amortization Expense		445,499
19	O&M Savings		(18, 145)
20	Ad Valorem Tax Increase		246,840
21	Income Taxes on Cost of Service Items		(262, 261)
22	Income Taxes on Adjusted Interest Expense		(398,061)
23	Operating Income at Present Rates	\$	13,871
24			
25	Deficiency	\$	2,741,776
26	Tax Factor		61.100%
27	Total Proposed Rate Adjustment	\$	4,487,359
28			
29	Project Cost True-up	\$	(152,221)
30	Revenue Recovery True-up	\$	(18,344)
31	Total True-up	\$	(170,565)
32	and the state of t		
33	Increase in deficiency	\$	4,316,793

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY - TRUE-UP AS OF OCTOBER 2012 THROUGH SEPTEMBER 2013 DEFICIENCY

Line Number	Description		Actuals	As File	ed and Approved	
1	Project Additions	\$	36,637,278	\$	37,564,598	
2	Project Retirements		(4,378,228)		(3,825,770)	
3	Net Change to Gross Plant	\$	32,259,051	\$	33,738,828	
4	1577, 01101, 40, 10, 10, 10, 10, 11, 11, 11, 11, 11, 1				4.54.50.45.50	
5	Cost of Removal to Accumulated Depr.		1,025,071		1,090,965	
6	Retirements from Accumulated Depr.		4,378,228		3,825,770	
7	Depreciation Accrual to Accumulated Depr.		(928,309)		(985,501)	
8	Net Change to Accumulated Depreciation	-	4,474,990		3,931,234	
10 11	Net Change to Net Plant	\$	36,734,040	\$	37,670,063	
12	Accumulated Deferred Income Taxes		(959,206)		(1,026,664)	
13 14	Net Change to Rate Base	\$	35,774,834	\$	36,643,399	
15	Rate of Return		8.74%		8.74%	
16 17	Required Operating Income	\$	3,125,225	\$	3,201,101	
18	Depreciation & Amortization Expense		635,762		669,315	
19	O&M Savings		(9,436)		(9,436)	
20	Ad Valorem Tax Increase		282,267		295,215	
21	Income Taxes on Cost of Service Items		(353,443)		(371,531)	
22	Income Taxes on Adjusted Interest Expense		(464,644)		(475,925)	
23 24	Operating Income at Present Rates	\$	90,507	\$	107,637	
25	Deficiency	\$	3,215,732	\$	3,308,739	
26	Tax Factor		61.100%		61.100%	
27 28	Total Proposed Rate Adjustment	\$	5,263,063	\$	5,415,284	
29 30	2012 approved deficiency	\$	2,997,186	\$	2,997,186	
31	Increase in deficiency	\$	2,265,878	\$	2,418,099	\$ (152,22

ATMOS ENERGY CORPORATION - KENTUCKY

Pipe Replacement Program Recovery Schedule

Line No.	Surcharge Report	Actual Red	covery Year	Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital
1	2012	Oct-11	Sep-12	2,997,186	2,998,293	1,107	97	1,204	8.74%
2	2013	Oct-12	Sep-13	5,415,284	5,431,048	15,763	1,377	17,140	8.74%
3				\$ 8,412,470	\$ 8,429,341	\$ 16.871	\$ 1,474	\$ 18.344	

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 ADDITIONS

Line <u>Number</u>	Description	<u>Mains</u>	Services	Meters	<u>Total</u>
1	Current Year: 2015	29,870,768	5,893,024	261,083	36,024,876
3	Total Additions	\$ 29,870,768	\$ 5,893,024	\$ 261,083	\$ 36,024,876

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 RETIREMENTS

Line <u>Number</u>	Description	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	Total
1	Current Year: 2015	\$2,049,296	1,607,552	114,000	3,770,848
3	Total Retirements	\$ 2,049,296	\$ 1,607,552	\$ 114,000	\$ 3,770,848

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 DEPRECIATION EXPENSE

Line Number	Description		Mains		Services		Meters	Total
1	Net Change to Gross Plant	\$	27,821,472	\$	4,285,472	\$	147,083	
2	Depreciation Rates	Ψ	2.45%	Ψ	4.61%	Ψ	8.03%	
3	Proforma Annual Depreciation Expense	\$	681,626	\$	197,560	\$	11,811	\$ 890,997
4								
5	Current Year Change to Net Plant	\$	27,821,472	\$	4,285,472	\$	147,083	
6	Depreciation Rates		2.45%		4.61%		8.03%	
7	Proforma Annual Depreciation Expense	\$	681,626	\$	197,560	\$	11,811	\$ 890,997
8								
9	Depreciation Accrual to Accumulated Depre	eciatio	on from Prior A	App	proved Filing			\$ -
10	Accumulated Depreciation on Prior Addition	ns (ful	l years depred	ciat	ion)			-
11	Accumulated Depreciation on Current Additions (half-year convention)						445,499	
12								
13	Depreciation Accrual to Accumulated Depre	eciatio	on					\$ 445,499

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 DEFERRED INCOME TAXES

Line					
Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant				
2	2015	27,821,472	4,285,472	147,083	
3					
4	Total Change to Gross Plant	\$ 27,821,472	\$ 4,285,472 \$	147,083	
5	Tax Depreciation Rates - Year 1	5.00%	5.00%	5.00%	
6	Year 1 Tax Depreciation Expense	1,391,074	214,274	7,354	1,612,701
7	A ST TO STATE OF THE STATE OF T				
8					
9	Accumulated Tax Depreciation Expense				\$ 1,612,701
10	Accumulated Book Depreciation Expense				445,499
11	Accumulated Book - Tax Difference				\$ (1,167,203)
12	Deferred Taxes at 37%				£ (404.00F)
13 14	Deferred Taxes at 37%				\$ (431,865)
15	Tax Rates				
16	Ad Valorem Tax Rate	0.765%			
17	Income Tax Rate	38.90%			
18	State Tax Rate	6.00%			
19	Federal Tax Rate	35.00%			

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	5.16%	1.25%	0.06%
2	LT Debt	45.68%	6.19%	2.83%
3	Equity	49.16%	9.80%	4.82%
4		100.0%		7.71%

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 O&M SAVINGS

Line		Annual	A	ccumulative
Number	<u>Description</u>	Savings		Savings
1	First year 2015 savings	\$ 18,145	\$	18,145

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 RATE DESIGN

	Cas	e 2013-0	0148									
ine nber	Class of Customers	Rate	Total	Total Dollars	Vo Ratio	Customer / blumetric Charge Ratio	Re	venue increase by Class	Budgeted Volumes	Budgeted Customer Counts	istomer Tharge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)				60.33%	Tutio .	\$	2,604,160		1,853,915	 	
2	FIRM BILLS	\$16.00	1,846,837	\$29,549,392		69.36%					\$ 1.40	
3	Sales: 1-300	1.3180	9,905,382	\$13,055,294		30.64%						
4	Sales: 301-15000	0.8800	0	\$0		0.00%						
5	Sales: Over 15000	0.6200	0	\$0		0.00%						
6	CLASS TOTAL (Mcf/month)		9,905,382	42,604,686								
7												
3	NON-RESIDENTIAL (Rate G-1)				23.60%		\$	1,018,863		231,510		
)	FIRM BILLS	40.00	229,048	\$9,161,920		54.96%					\$ 4.40	
0	Sales: 1-300	1.3180	5,064,652	\$6,675,212		40.05%						
1	Sales: 301-15000	0.8800	942,780	\$829,646		4.98%						
2	Sales: Over 15000	0.6200	3,337	\$2,069		0.01%						
3	CLASS TOTAL (Mcf/month)		6,010,769	16,668,847								
4										9.22		
5	INTERRUPTIBLE (G-2)			30.133	0.30%		S	13,047		108		
6	INT BILLS	350.00	138	\$48,300		22.63%					\$ 27.34	
7	Sales: 1-15000	0.7900	203,768	\$160,977		75.42%			223,050			0.04
8	Sales: Over 15000	0,5300	7,873	\$4,173		1.95%		-	8,618			0.02
9	CLASS TOTAL (Mcf/month)		211,641	213,450				-	231,668			
1	TRANSPORTATION (T-3)				7.49%			323,373		741		
2	TRANSPORTATION BILLS	350.00	782	\$273,700		5.17%					\$ 22,58	
3	Interrupt Transport: 1-15000	0.7900	4,849,484	\$3,831,092		72.42%			5,113,520			0.0
4	Interrupt Transport: Over 15000	0,5300	2,237,100	\$1,185,663		22.41%			2,358,902			0.0
5	CLASS TOTAL (Mcf/month)		7,086,584	5,290,455				_	7,472,422			
6												
7	TRANSPORTATION (T-4)			B. 200 A. 200	8.28%	W. Carrier		357,350		1,453		
8	TRANSPORTATION BILLS	350,00	1,463	\$512,050		8.758%			day's		\$ 21.51	
9	Firm Transport: 1-300	1.3180	419,681	\$553,140		9.461%			464,612			0.0
0	Firm Transport: 301-1500	0.8800	4,937,961	\$4,345,406		74.327%			5,466,620			0.0
1	Firm Transport: Over 1500	0.6200	702,806	\$435,740		7.453%		_	778,049			0.0
2	CLASS TOTAL (Mcf/month)		6,060,448	5,846,335					6,709,280			
3	Total Revenue			70,623,773	100.00%		\$	4,316,793		2,087,727		

35 36 37

KY Revenue Requirement \$ 4,316,793

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 CUSTOMERS & VOLUMES

Line																
Number	Tariff	Description		Oct	Nov	Dec	Jnn	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
			Customers													
1	G-1	Residential	Fiscal 2015 Bud	152,312	153,392	155,263	156,787	156,963	156,979	156,916	155,489	154,208	152,340	152,134	151,134	1,853,915
2	G-1	Commercial Firm	Fiscal 2015 Bud	17,136	17,431	17,670	17,846	17,833	17,901	17,875	17,674	17,519	17,162	17,087	16,976	210,110
3	G-1	Public Authority	Fiscal 2015 Bud	1,565	1,576	1,583	1,584	1,585	1,582	1,577	1,578	1,580	1,558	1,582	1,568	18,916
4	G-1	Industrial Firm	Fiscal 2015 Bud	207	207	207	207	207	207	207	207	207	207	207	207	2,484
5						20.	207	207	201	207	207	207	207	107	207	2,404
6	G-2	Commercial Interruptible	Fiscal 2015 Bud	3	3	3	3	3	3	3	3	3	3	3	7	36
7	G-2	Industrial Interruptible	Fiscal 2015 Bud	6	6	6	6	6	6	6	6	6	5	5	5	72
8	G-2	Public Authority Interruptible	Fiscal 2015 Bud	_	_	-	_	-			_				· ·	12
9			300000000000000000000000000000000000000							Y.						-
10	T-3	Transportation Interruptible	Fiscal 2015 Bud	64	64	60	58	59	61	64	62	62	62	62	63	741
11	T-4	Transportation Firm	Fiscal 2015 Bud	122	122	122	121	121	122	122	121	121	121	118	120	1,453
12			-	171,415	172,800	174,913	176,611	176,776	176,861	176,770	175,140	173,706	171,459	171,199	170,077	2,087,727
13						17 112 25	110,011	170,770	170,001	170,170	175,140	175,700	171,433	1/1,199	170,077	2,007,727
14			Volumes													
15			***************************************													
16	G-2	Commercial Interruptible	Fiscal 2015 Bud	2,311	2,687	3,018	2,380	2,599	2,526	2,355	2,311	2,311	2.311	2,311	2,311	29,429
17	G-2	Industrial Interruptible	Fiscal 2015 Bud	9,475	17,438	10,875	10,362	43,635	18,372	30,986	12,445	9,201	12,595	14,538	12,317	202,239
18	G-2	Public Authority Interruptible	Fiscal 2015 Bud	-,			10,502	15,055	10,51	20,500	12,712	5,201	12,333	14,556	14,517	202,235
19										-	-	-	-	-		
20	T-3	Transportation Interruptible	Fiscal 2015 Bud	577,342	637,289	642,846	635,749	713,744	641,979	677,900	626,497	578,229	578,524	580,179	582,145	7,472,422
21	T-4	Transportation Firm	Fiscal 2015 Bud	459,420	526,336	621,704	673,566	819,974	700,008	691,951	517,760	404,486	404,486	427,983	461,607	6,709,280
22		Charles and the same of the sa	-	1 049 540	1 102 750	1 070 444	1 222 257	1 570 071	1 262 205	1 400 100	1 150 010	707,700	904,460	421,703	401,007	0,707,200

1,579,951

1,322,057

1,362,885 1,403,192 1,159,012

994,226

997,915

1,025,010

1,058,380 14,413,371

22

1,048,548

1,183,750

1,278,444

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2015 PROJECT DETAILS

		No. of	Y	nstallation		Cost	of Removal			Retirements	
Projects	Project Description	services	Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2739.8" Transmission Line											
Replacement - Aiken Rd Purchase to	Replace 8" pipe with 45,725' +/- (8.66 miles)										
Buck Creed Rd	of 12" steel distribution pipe.	-	14,072,489			4,020					
PRP.2609.Dawson Springs FY15	Replace 1 mile of 4" bare pipe feeding				*						
	Dawson Springs	-	1,292,797			4.020					
PRP.2635.FY15 North Seminary CC	2015 PRP for Company Crew in Princeton.										
	KY. 780' of 2" on North Seminary from Main										
	Street to W. Shephardson. 16 services to						•				
	replace at \$1,650 each for a total of \$26,400.										
	replace at \$1,050 cach for a total of \$20,400.	16	36,240			4,020					
	Contractor		50,210	22,400		1,020	130				
	Material			2,880	1,120		100				
	Overhead			8,165	362		58				
PRP.2635.FY15 Sturgis Road	2015 PRP to replace 6,782' of 4" pipe from			0,103	302		30			- 30000	
1 Kt .2033.1 113 Blungis Koad	Bellville St to Harmon Drive, Project will										
	have 83 services at \$1,650 each for a total of										
		83	AAC DCA			4.000					
	S136 950 Budget services for March	. 83	446,864	116 200		4,020	07.1				
	Contractor			116,200			934				
	Material			14,940	5,810		12.02				
	Overhead			42,358	1,877		302				
PRP.2635,Maple Street FY15	2015 PRP Marion, KY replacing 5418' of 2"										
	Pipe on Maple St. 67 Services at \$1,650 ea										
	for a total of \$110,550. Budget services for					2.00					
·	Anril	67	343,965			4,020					
	Contractor			93,800			754				
	Material			12,060	4,690						
	Overhead			34,193	1,515		243				
PRP.2636.Coast Guard Ln FY15 CC	Install 1500' of 2" PE. IP to IP. 23 Services										
	for a total of \$37,950. Installation by										
	Company PRP Crew.	23	31,207			4,020					
	Contractor			32,200			259				
	Material			4,140	1,610						
	Overhead			11,738	520		84				
PRP.2636.Colonial Court FY15	Install 2,000' of 2" PE. IP to IP. 43 services										
	at \$1,650 each for a total of \$70,950	43	112,624			4,020					
	Contractor			60,200			484				
	Material			7,740	3,010						
	Overhead			21,945	972		156				

PRP.2636.Dublin Lane FY15	Dublin Lane, Lee Court, Burdette Court, Ohio Street Hanning Lane, Herr Ave, Woodford Ave. Install 1220' of 6" PE. LP to IP. Replace 106 services at \$1,650 each for a total	***************************************						
	of \$175 900	106	387,305			4,020		
	Contractor			148,400			1,193	
	Material			19,080	7,420			
	Overhead			54,096	2.397		385	
PRP,2636,East 11th FY15	East 11th, Glendale Ave, Parkdale Dr. Install			57,070	571		202	
	900' of 4" PE and 910' of 2" PE, IP to IP, 61							
	services at \$1,650 each for a total of		100 000			3222		
	\$1,00,650	61	106,786	a 450 Aut		4,020		
	Contractor			85,400			686	
	Material			10,980	4,270			
	Overhead			31,131	1,379		222	
PRP.2636.Ewing Rd/West 2nd FY15	Install 5565' of 2" PE and 432' of 4" PE, LP to							
	IP. 67 services at \$1,650 each for a total of							
	\$110.550,	67	365,541			4,020		
	Contractor		505,511	93,800		1,020	754	
	Material				1.000		134	•
				12,060	4,690		4.4	
	Overhead			34,193	1,515		243	
PRP.2636.Greenville 4" FY15	Greenville 4" HDPE. R/W Clearing. Replace fence at TB Station. Replace Regulator							
	Station. Install 10,117' of 4" HD PE. 9							
	Services stub ups for a total of \$14,850							
		9	1,190,198			4,020		
	Contractor			12,600			101	
	Material			1,620	630			
	Overhead			4,593	203		33	
PRP.2636.Old Greenville Feed FY15	Old Greenville feed line. Replace 2,100' with							The state of the s
CC	2" PE. 7 Services for a total of \$11,550.							
	Installation by Company PRP crew.	7	6,760			4,020		
	Contractor			9,800			79	
	Material			1,260	490			
	Overhead			3,572	158		25	
PRP.2636.River Road FY15	River Road, 1st, Fielden Ave, Gilmour Court,			3,374	130		43	
PRP.2636.River Road F 115	Cullen Ave. Install 5922' of 2" PE. Low							
	pressure to IP. Replace 66 services at \$1,650							
	each for a total of \$108,900,	66	370,460	12 112		4,020		
	Contractor			92,400			743	
	Material			11,880	4,620			
	Overhead			33,682	1,492		240	
PRP,2636,Sunset Dr FY15	Sunset Drive, Westview Drive, Wink Court.							
	Install 1.756' of 4" PE and 3809' of 2" PE. IP							
	to IP, 119 Services at \$1,650 each for a total							
	of \$196.350	119	336,417			4,020		
	Contractor	112	330,417	166,600		4,020	1,339	
					0.220		1,009	
	Material			21,420	8,330		122	
DDD 0000 HILL IV.	Overhead			60,730	2,691		432	-th.
PRP.2637.FY15,Harrison	4,725 ft of 4 inch steel and 885 ft of 2 inch	116	401.247			4,020		
	steel at Harrison from 25th to 28th.	115	401,347	142.000		4,020		
	Contractor			161,000			1,294	
	Material			20,700	8,050			
	Overhead			58,689	2,600		418	

PRP.2637.FY15.Madison	1,500 ft of 6 inch steel and 3,785 ft of 4 inch steel going from 3rd and Madison to 19th and							
	Monroe in Paducah,	114	397,076			4,020		
	Contractor			159,600			1,283	
	Material			20,520	7,980		2.4303	
	Overhead			58,179	2,578		414	
PRP.2734.2nd b/w Bowder &	Install 700' of 2" PE on East 2nd between							
Caldwell	Bowder and Caldwell. Replace 16 services.	16	58,657			4,020		
	Contractor	10	20,027	22,400		4,020	130	
	Material			2,880	1,120		150	
	Overhead							
DDD 2774 4				8,165	362		58	346.01
PRP,2734,Armstrong Russellville	Install 1,000' of 2" PE at Armstrong Street in	-	20.022			1.020		
	Russellville, Replace 8 services.	8	58,137	03.020		4,020	60	
	Contractor			11,200			90	
	Material			1,440	560			
	Overhead			4,083	181		29	
PRP.2734.Bristow Rd @ Louisville	Replace 1,700 ft. of 1 1/4" bare steel on							
Rd.	Bristow Rd and Louisville with 2" PE. Total							
	services replaced (8).	8	121,842			4,020		
	Contractor			11,200			90	
	Material			1,440	560		200	
	Overhead			4,083	131		29	
PRP,2734.Bypass & College State St.	Replace 9500' of 4" LP and 2"LP bare steel			1,000	101		As J	
o nas pass de conogo ciale di.	with 4" IP and 2" IP PE at . Replace 50							
	services.	50	447,836			4,020		
		30	447,030	70.000		4,020	550	
	Contractor			70,000	- 400		563	
	Material			9,000	3,500			
	Overhead			25,517	1,131		182	
PRP.2734.Center Line Phase II	Install 6,200' of 8" steel at outlet of Purchase							
	#1 across from Jennings Creek, Replace 3							
	services,	3	1,905,727			4,020		
	Contractor			4,200			34	
	Material			540	210			
	Overhead			1,531	63		11	
PRP.2734.Church & Nugent	Install 2,350' of 2" PE on Church and Nugent.							
	Replace 28 services.	28	164,942			4,020		
	Contractor		,	39,200		,,,,,,	315	
	Material			5,040	1,960		313	
	Overhead-			14,290	633		102	
PRP.2734.Clay St. @ 14th.	Install 3,038' of 2" PE from Clay St. to 12th.			14,230	033		102	
PRP.2734. Clay St. @ 14th.		40	510.440			4.000		
	Replace 42 services.	42	519,449	20.000		4,020	477	
	Contractor			58,800	0.040		473	
	Material			7,560	2,940		0.20	
	Overhead			21,434	950		153	
PRP.2734.Crewdson - Old barren	Install 6,200 of 6" PE. at outlet of TB #1 to							
River	Woodford Ave. Replace 100 services.	100	572,491			4,020		
	Contractor			140,000			1,125	
	Material			18,000	7,000			
	Overhead			51,034	2,261		363	
PRP,2734,East 11th St Park to Kenton	Install 1,774' of 2" and 4" PE East 11th from							
	Park to Kenton, Replace 40 services.	40	133,982			4,020		
	Contractor			56,000		Diene.	450	
	Material			7,200	2,800			
	Overhead			20,414	904		145	
DDD 2724 Cl4-1- & Vi-t				20,414	204		173	
PRP,2734.Glendale & Kirby	Install 2,200' of 2" PE from Glendale & Kirby	44	157 540			4,020		
	to McElrov & Neal. Repalce 44 services	44	157,640	C1 C00		4,020	105	
				61,600			495	
	Contractor							
	Material Overhead			7,920 22,455	3,080 995		160	

PRP.2734.Henry @ McElroy	Install 700 ft. of 2" PE on Henry @ McElroy	-77						
***************************************	in Bowling Green. Replace 14 services	14	57,085			4,020		
	Contractor			19,600			158	
	Material			2,520	980			
	Overhead			7,145	317		51	
RP.2734, High St. from Cabell to 14	th Install 1,400' of 6" PE on High Street from					······································		
L Alley	Cabell to 14th Street alley and convert to IP.							
	Replace 34 services. Also install 1,200' of 2"							
	PE on 1400 block of Indianolia, Replaces 18							
	services	18	193,955			4,020		
	Contractor	27	2,0,000	25,200		1,020	203	
	Material			3,240	1,260		203	
	Overhead			9,186	407		65	
RP.2734.Madison Ave.	Install 1,800' of 2" and 200' of 6" PE. Replace			9,180	-107		63	
ICI .2754.IVIBGISUII AVE.		20	158,568			4.000		
	20 services.	20	158,568			4,020	144	
	Contractor			28,000	0.555		225	
	Material			3,600	1,400			
	Overhead			10,207	452		73	
RP.2734.Russ 9th St.	Install 3,405' of 4" and 2" PE from W 9th to							
	Nashville Rd and tie in to Russell St. Replace							
	42 services.	42	334,075			4,020		
	Contractor			58,800			473	
	Material			7,560	2,940			
	Overhead			21,434	950		153	
RP.2734. Vine St. from Wade to Gle	n Install 1,100' of 2" IP on Vine Street from							
ily Rd.	Wade to Glen Lilv Rd. Replace 23 services.	23	78,712			4,020		
	Contractor			32,200			259	
	Material			4,140	1,610			
	Overhead			11,738	520		84	
PRP.2734.West 10th Payne, &	Install 6,500' of 2" PE on existing LP west of							
Stubbins	Main, 10th, 11th, Payne and Stubbins. Will							
	convert to IP, Replace 75 services.	75	481,342			4,020		
	Contractor		101,512	105,000		1,020	844	
	Material			13,500	5,250		0.47	
	Overhead			38,276	1,696		273	
RP,2735.FY15 Woodlawn	Replace 5557' of LP 4" & 6" bare steel with IP			30,270	1,030		212	
KF,2733,F113 WOOdlawii		86	412.022			4.000		
***************************************	2" PE (86 services - \$141,900)	80	412,922	100 100		4,020	0.00	
	Contractor			120,400	4.000		968	
	Material			15,480	6,020		1.64	
	Overhead			43,889	1,944		313	
RP.2735.FY15.HC Dale Heights	Replace 2587' of 4" bare steel with 4" PE (48	100	3.2 42.0			5.00		
	services - \$79,200)	48	198,490	44.640		4,020	N 2.2	
	Contractor			67,200			540	
	Material			8,640	3,360			
	Overhead			24,496	1,085		174	
PRP.2735.FY15,Mun.Buckner	Replace 2518' of 2" bare steel with 2" PE (33							
	services - \$54,450)	33	175,416			4,020		
	Contractor			46,200			371	
	Material			5,940	2,310			
	Overhead			16.841	746		120	
RP.2735.FY15.Mun.East Back	Replace 2142' of 2" bare steel with 2" PE (30							
22	services - \$49,500)	30	152,155			4,020		
	Contractor	E 2	22.7*2.2	42,000		,	338	
	Material			5,400	2,100		200	
	Overhead			15,310	678		109	
RP,2735,FY15,Mun,Old Main	Replace 814' of 2" bare steel with 2" PE (17			110,10	070		100	
NF,2/33,F I 13,Wiun,Old Main		17	54,710			4,020		
	services - \$28,050)	17	34,710	99 990		4,020	101	
	Contractor			23,800	1.700		191	
	Material			3,060	1,190		CD	
	Overhead			8,676	384		62	in the

PRP,2735,FY15.Mun,Washington	Replace 3217' of 2" bare steel with 2" PE (26 services - \$42,900)	06	215 525			1.020	7.9	
	Contractor	26	215,605	26 400		4,020	202	
	Material			36,400	1.000		293	
	Overhead			4,680 13,269	1,820 588		94	
PRP.2735.Glas.E Main	Replace 1885' of 4" bare steel with 4" PE (29			13,269	299		94	
IC .2755, Olds.15 IVIAIII	services - \$47,850)	29	142,103			4,020		
-111	Contractor	23	142,103	40,600		4,020	326	
	Material			5,220	2,030		320	
	Overhead			14,800	656		105	
PRP.2736.Clay St FY15	PRP Clay Street. Replacing 7,750' of 4" and			14,000	030		103	
14.2720.0.ay 011113	8,355 of 2". Total number of Services at 263							
	at \$1,650 each for a total of \$433,950 (June							
	and July)	263	976,751			4,020		
	Contractor		370,751	368,200		1,020	2,959	
	Material			47,340	18,410			
	Overhead			134,219	5,946		956	
PRP.2736.Metcalfe FY15 CC	PRP Company Crew to replace 240' section of							***
	4" bare steel pipe. 4 Services at \$1,650 each							
	for a total of \$6.600.	4	4,518			4,020		
	Contractor		3.7.7.7	5,600			45	
	Material			720	280			
	Overhead			2,041	90		15	
PRP.2736.Robin Rd FY15 CC	PRP Company crew to replace 825' of 2" bare							
	pipe. Pre and post camera. We will be							
	removing Robin Road LP Station, 16 services							
	at \$1,650 each for a total of \$26,400	16	10,267			4,020		
	Contractor			22,400			180	
	Material			2,880	1,120			
	Overhead			8,165	362		58	
PRP,2736, Walnut St FY15	PRP Walnut Street. Replacing 4,235' of 4"							
	and 3,305 of 2". Total Services 87 at \$1,650							
	each for a total of \$143,550 (Aug and Sept).	87	468,195			4,020		
	Contractor			121,800			979	
	Material			15,660	6,090			
	Overhead			44,400	1.967		316	
PRP.2737.Lexington/Greenville	Replace 5300' of bare steel with 3850 2" &							
	1450 of 6" - (87 services - \$143,550)	87	410,001			4,020		
	Contractor			121,800			979	
	Material			15,660	6,090			
	Overhead			44,400	1,967		316	
PRP.2737.MARIMON-OFFICE-HIG								
	REPLACEMENT-MARIMON FROM CANE							
	RUN TO OFFICE, EAST OFFICE FROM							
	MARIMON TO ROBARDS, MAPLE, HIGH,							
	MONTROSE AND BALLARD STREETS. *							
	(REPLACING 96 SERVICES - \$158,400)		*****					
	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	96	554,046	101.100		4,020	1 000	
	Contractor			134,400	< 700		1,080	
	Material			17,280	6,720		940	
nnn agan v	Overhead			48,993	2,171		349	
PRP.2738.Legion Park to Barbara St		20	200 405			4.020		
	service at \$46,200)	28	309,405	39,200		4,020	315	
	Contractor				1,960		313	
	Material Overhead			5,040 14,290	633		102	
DDD 2720 I P I - P I -	Replace 2404' of 4" & 825 of 2" bare steel, (33			14,290	033		102	
PRP.2738.Legion Park to Penick		33	258,691			4,020		
	services at \$54,450)	33	230,031	46,200		4,020	371	
	Contractor Material			5,940	2,310		311	
				16,841	746		120	
	Overhead			16,841	/40		120	

PRP.2738.W Hodgenville Av	ve Replace 2367'of 2" bare pipe (31 services \$51,150 for service costs)	31	184,976			4.020			~*************************************	
*****	Contractor Material	31	184,970	43,400 5,580	2,170	4,020	349			
	Overhead			15,821	701		113			
	Total specific budgeted projects & bare steel functional		29,870,768	4,893,486	216,800	192,960	34,843			
	Non specific bare steel functional			999,538	44,283		7,117			
	Total budgeted 2015 projects	-	29,870,768	5,893,024	261,083	192,960	41,960	\$2,049,296	1,607,552	114,000

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 SURCHARGE SUMMARY

Line Number	Tariff Schedule			ustomer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)		\$	1.43	0.0000
2	NON-RESIDENTIAL (Rate G-1)		\$	4.47	0.0000
3	INTERRUPTIBLE (Rate G-2)		\$	27.75	
4		Sales: 1-15,000			0.0448
5		Sales: Over 15,000			0.0300
6	TRANSPORTATION (T-3)		\$	22.92	
7		Interrupt Transport: 1-15,000			0.0465
8		Interrupt Transport: Over 15,000			0.0312
9	TRANSPORTATION (T-4)		\$	21.83	
10		Firm Transport: 1-300	*		0.0739
11		Firm Transport: 301-15,000			0.0493
12		Firm Transport: Over 15,000			0.0347

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 DEFICIENCY

Line Number	Description		Total
1	Project Additions	\$	36,024,876
2	Project Retirements	7	(3,770,848)
3	Net Change to Gross Plant	\$	32,254,027
4	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	02,20 .,02.
5	Cost of Removal to Accumulated Depr.		234,920
6	Retirements from Accumulated Depr.		3,770,848
7	Depreciation Accrual to Accumulated Depr.		(445,499)
8	Net Change to Accumulated Depreciation	_	3,560,269
9			
10	Net Change to Net Plant	\$	35,814,297
11			
12	Accumulated Deferred Income Taxes		(431,865)
13	Net Change to Rate Base	\$	35,382,432
14	The state of the s		
15	Rate of Return		7.71%
16	Required Operating Income	\$	2,727,905
17			
18	Depreciation & Amortization Expense		445,499
19	O&M Savings		(18, 145)
20	Ad Valorem Tax Increase		246,840
21	Income Taxes on Cost of Service Items		(262, 261)
22	Income Taxes on Adjusted Interest Expense		(398,061)
23	Operating Income at Present Rates	\$	13,871
24			
25	Deficiency	\$	2,741,776
26	Tax Factor		60.70%
27	Total Proposed Rate Adjustment	\$	4,517,270
28	- Carlo de C		
29	Project Cost True-up	\$	(117, 140)
30	Revenue Recovery True-up	\$	(18,344)
31	Total True-up	\$	(135,484)
32	7 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -		
33	Increase in deficiency	\$	4,381,785

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY - TRUE-UP AS OF OCTOBER 2012 THROUGH SEPTEMBER 2013 DEFICIENCY

Line Number	Description	Astuals	A = 1"11.		
Number	Description	Actuals	AS FIR	ed and Approved	
1	Project Additions	\$ 36,637,278	\$	37,564,598	
2	Project Retirements	(4,378,228)		(3,825,770)	
3	Net Change to Gross Plant	\$ 32,259,051	\$	33,738,828	
4					
5	Cost of Removal to Accumulated Depr.	1,025,071		1,090,965	
6	Retirements from Accumulated Depr.	4,378,228		3,825,770	
7	Depreciation Accrual to Accumulated Depr.	(928,309)		(985,501)	
8	Net Change to Accumulated Depreciation	4,474,990		3,931,234	
10 11	Net Change to Net Plant	\$ 36,734,040	\$	37,670,063	
12	Accumulated Deferred Income Taxes	(959,206)		(1,026,664)	
13 14	Net Change to Rate Base	\$ 35,774,834	\$	36,643,399	
15	Rate of Return	8.74%		8.74%	
16 17	Required Operating Income	\$ 3,125,225	\$	3,201,101	
18	Depreciation & Amortization Expense	635,762		669,315	
19	O&M Savings	(9,436)		(9,436)	
20	Ad Valorem Tax Increase	282,267		295,215	
21	Income Taxes on Cost of Service Items	(353,443)		(371,531)	
22	Income Taxes on Adjusted Interest Expense	(464,644)		(475,925)	
23 24	Operating Income at Present Rates	\$ 90,507	\$	107,637	
25	Deficiency	\$ 3,215,732	\$	3,308,739	
26	Tax Factor	60.695%		61.100%	
27 28	Total Proposed Rate Adjustment	\$ 5,298,144	\$	5,415,284	
29 30	2012 approved deficiency	\$ 2,997,186	\$	2,997,186	
31	Increase in deficiency	\$ 2,300,959	\$	2,418,099	\$ (117,140

ATMOS ENERGY CORPORATION - KENTUCKY

Pipe Replacement Program Recovery Schedule

Line No.	Surcharge Report	Actual Red	covery Year	Approv Recovery		Acti	ual Recovery Amt	Over / (l Recov		rying arges	tal Over / (Under)	Weighted Average Cos of Capital	st
1	2012	Oct-11	Sep-12	2,99	7,186		2,998,293		1,107	97	1,204	8.74	4%
2	2013	Oct-12	Sep-13	5,41	5,284		5,431,048		15,763	1,377	17,140	8.74	4%
3				\$ 8.41	2.470	\$	8,429,341	\$	16.871	\$ 1,474	\$ 18,344		

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 ADDITIONS

3	Total Additions	\$	29,870,768	\$ 5,893,024	\$ 261,083	\$ 36,024,876
2		1				
1	Current Year: 2015		29,870,768	5,893,024	261,083	36,024,876
Line <u>Number</u>	Description		<u>Mains</u>	Services	Meters	<u>Total</u>

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 RETIREMENTS

Line <u>Number</u>	Description		Mains		Services		<u>Meters</u>		Total
1	Current Year: 2015		\$2,049,296		1,607,552		114,000		3,770,848
3	Total Retirements	\$	2,049,296	\$	1,607,552	\$	114,000	\$	3,770,848
0	TOTAL TROUBERING	Ψ	2,040,200	Ψ	1,007,002	Ψ	114,000	Ψ	0,110,040

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 DEPRECIATION EXPENSE

Line Number	Description		Mains		Services		Meters	Total
			A 24 AH 4 CANA					
1	Net Change to Gross Plant	\$	27,821,472	\$	4,285,472	\$	147,083	
2	Depreciation Rates		2.45%		4.61%		8.03%	
3	Proforma Annual Depreciation Expense	\$	681,626	\$	197,560	\$	11,811	\$ 890,997
4								
5	Current Year Change to Net Plant	\$	27,821,472	\$	4,285,472	\$	147,083	
6	Depreciation Rates		2.45%		4.61%		8.03%	
7	Proforma Annual Depreciation Expense	\$	681,626	\$	197,560	\$	11,811	\$ 890,997
8								
9	Depreciation Accrual to Accumulated Depre	eciatio	on from Prior	App	roved Filing			\$
10	Accumulated Depreciation on Prior Additions (full years depreciation)							-
11	Accumulated Depreciation on Current Additions (half-year convention)					445,499		
12								
13	Depreciation Accrual to Accumulated Depre	eciatio	n					\$ 445,499

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 DEFERRED INCOME TAXES

Line						
Number	Description	Mains	Services	Meters	_	Total
1	Net Change to Gross Plant					
2	2015	27,821,472	4,285,472	147,083		
3						
4	Total Change to Gross Plant	\$ 27,821,472	\$ 4,285,472	\$ 147,083		
5	Tax Depreciation Rates - Year 1	5.00%	5.00%	5.00%		
6	Year 1 Tax Depreciation Expense	1,391,074	214,274	7,354		1,612,701
7						
8						
9	Accumulated Tax Depreciation Expense				\$	1,612,701
10	Accumulated Book Depreciation Expense					445,499
11	Accumulated Book - Tax Difference				\$	(1,167,203)
12 13	Deferred Taxes at 37%				\$	(431,865)
14	Deferred Taxes at 37 %					(401,000)
15	Tax Rates					
16	Ad Valorem Tax Rate	0.765%				
17	Income Tax Rate	38.900%				
18		32.68%				
19	State Tax Rate	6.00%				
20	Federal Tax Rate	35.00%				

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	5.16%	1.25%	0.06%
2	LT Debt	45.68%	6.19%	2.83%
3	Equity	49.16%	9.80%	4.82%
4		100.0%		7.71%

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 O&M SAVINGS

Line		Annual	Α	ccumulative
Number	Description	Savings		Savings
1	First year 2015 savings	\$ 18,145	\$	18,145

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 RATE DESIGN

	Cas	e 2013-0	0148										
e ber	Class of Customers	Rate	Total	Total Dollars	V Ratio	Customer / folumetric Charge Ratio	Rev	venue increase by Class	Budgeted Volumes	Budgeted Customer Counts		istomer 'harge	Volumetrie Charge
	RESIDENTIAL (Rate G-1)	24410	20111	Total Bollary	60,33%		S	2,643,367	r orumes	1,853,915		marge	Charge
	FIRM BILLS	\$16.00	1,846,837	\$29,549,392	00,007,0	69.36%		2,013,201		1,055,715	\$	1.43	
	Sales: 1-300	1.3180	9,905,382	\$13,055,294		30.64%						1.15	
	Sales: 301-15000	0.8800	0	SO		0.00%							
	Sales: Over 15000	0,6200	0	\$0		0.00%							
	CLASS TOTAL (Mcf/month)		9,905,382	42,604,686		0.0070							
	NON-RESIDENTIAL (Rate G-1)				23.60%		_	1 024 202		201.510			
	FIRM BILLS	40.00	229,048	50 161 020	23.00%	54.96%	S	1,034,203		231,510		1	
	Sales: 1-300	1,3180	5,064,652	\$9,161,920							S	4.47	
	Sales: 301-15000	0.8800	942,780	\$6,675,212 \$829,646		40.05%							
- 1	Sales: Over 15000	0.6200	3,337			4.98%							
	CLASS TOTAL (Mcf/month)	0.0200	6,010,769	\$2,069 16,668,847		0.01%							
	INTERRUPTIBLE (G-2)	453.57	400		0.30%		\$	13,243		108			
	INT BILLS	350.00	138	\$48,300		22.63%					\$	27.75	
	Sales: 1-15000	0.7900	203,768	\$160,977		75.42%			223,050				0.0
	Sales: Over 15000	0.5300	7,873	\$4,173		1.95%		_	8,618				0.0
	CLASS TOTAL (Mcf/month)		211,641	213,450				-	231,668				
	TRANSPORTATION (T-3)				7.49%			328,241		741			
	TRANSPORTATION BILLS	350.00	782	\$273,700		5.17%					\$	22.92	
	Interrupt Transport: 1-15000	0.7900	4,849,484	\$3,831,092		72.42%			5,113,520				0.0
	Interrupt Transport: Over 15000	0.5300	2,237,100	\$1,185,663		22.41%			2,358,902				0.0
	CLASS TOTAL (Mcf/month)		7,086,584	5,290,455					7,472,422				
	TRANSPORTATION (T-4)				8,28%			362,730		1,453			
	TRANSPORTATION BILLS	350.00	1,463	\$512,050		8.758%				-,,,==	\$	21.83	
	Firm Transport: 1-300	1.3180	419,681	\$553,140		9.461%			464,612			Server	0.0
	Firm Transport: 301-1500	0.8800	4,937,961	\$4,345,406		74.327%			5,466,620				0.0
	Firm Transport: Over 1500	0.6200	702,806	\$435,740		7.453%			778,049				0.0
	CLASS TOTAL (Mcf/month)		6,060,448	5,846,335		.,.5570			6,709,280				
	Total Revenue			70,623,773	100.00%		\$	4,381,785		2,087,727			

36 37

KY Revenue Requirement \$ 4,381,785

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015 CUSTOMERS & VOLUMES

Line																
Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
			Customers													
1	G-1	Residential	Fiscal 2015 Bud	152,312	153,392	155,263	156,787	156,963	156,979	156,916	155,489	154,208	152,340	152,134	151,134	1,853,915
2	G-1	Commercial Firm	Fiscal 2015 Bud	17,136	17,431	17,670	17,846	17,833	17,901	17,875	17,674	17,519	17,162	17,087	16,976	210,110
3	G-1	Public Authority	Fiscal 2015 Bud	1,565	1,576	1,583	1,584	1,585	1,582	1,577	1,578	1,580	1,558	1,582	1.568	18,916
4	G-1	Industrial Firm	Fiscal 2015 Bud	207	207	207	207	207	207	207	207	207	207	207	207	2,484
5					-			20.	201	20,	207	207	201	201	207	2,404
6	G-2	Commercial Interruptible	Fiscal 2015 Bud	3	3	3	3	3	3	3	3	3	3	3	3	36
7	G-2	Industrial Interruptible	Fiscal 2015 Bud	6	6	6	6	6	6	6	6	6	6	6	6	72
8	G-2	Public Authority Interruptible	Fiscal 2015 Bud		-	-	-	-		_	-	-	-		-	/-
9													-			
10	T-3	Transportation Interruptible	Fiscal 2015 Bud	64	64	60	58	59	61	64	62	62	62	62	63	741
11	T-4	Transportation Firm	Fiscal 2015 Bud	122	122	122	121	121	122	122	121	121	121	118	120	1,453
12				171,415	172,800	174,913	176,611	176,776	176,861	176,770	175,140	173,706	171,459	171,199	170,077	2,087,727
13														,	174477	2,007,127
14			Volumes													
15																
16	G-2	Commercial Interruptible	Fiscal 2015 Bud	2,311	2,687	3,018	2,380	2,599	2,526	2,355	2,311	2,311	2.311	2,311	2,311	29,429
17	G-2	Industrial Interruptible	Fiscal 2015 Bud	9,475	17,438	10,875	10,362	43,635	18,372	30,986	12,445	9,201	12,595	14,538	12,317	202,239
18	G-2	Public Authority Interruptible	Fiscal 2015 Bud	-	-	-	-	-			-			7.0	-	
19																
20	T-3	Transportation Interruptible	Fiscal 2015 Bud	577,342	637,289	642,846	635,749	713,744	641,979	677,900	626,497	578,229	578,524	580,179	582,145	7,472,422
21	T-4	Transportation Firm	Fiscal 2015 Bud	459,420	526,336	621,704	673,566	819,974	700,008	691,951	517,760	404,486	404,486	427,983	461,607	6,709,280
22			and the second of	1,048,548	1,183,750	1,278,444	1,322,057	1,579,951	1,362,885	1,403,192	1,159,012	994,226	997.915	1,025,010	1,058,380	14,413,371

ATMOS ENERGY CORPORATION KENTUCKY PIPE REPLACEMENT PROGRAM SURCHARGE CALCULATION OF FORCASTED ACTIVITY

2015 PROJECT DETAILS

		No. of	ı	nstallation		Cost of Removal			Retirements		
Projects	Project Description	services	Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2739.8" Transmission Line											
Replacement - Aiken Rd Purchase to	Replace 8" pipe with 45,725' ÷/- (8.66 miles)										
Buck Creed Rd	of 12" steel distribution pipe.	-	14,072,489			4,020					
PRP,2609,Dawson Springs FY15	Replace 1 mile of 4" bare pipe feeding										
	Dawson Springs		1,292,797			4,020					
PRP.2635.FY15 North Seminary CC	2015 PRP for Company Crew in Princeton,										
	KY. 780' of 2" on North Seminary from Main										
	Street to W. Shephardson, 16 services to										
	replace at \$1,650 each for a total of \$26,400.										
		16	36,240			4,020					
	Contractor	•		22,400			180				
	Material			2,880	1,120						
	Overhead			8,165	362		58				
PRP,2635,FY15 Sturgis Road	2015 PRP to replace 6,782' of 4" pipe from										
	Bellville St to Harmon Drive, Project will										
	have 83 services at \$1.650 each for a total of										
	S136,950. Budget services for March.	83	446,864			4,020					
	Contractor			116,200		1,040	934				
	Material			14,940	5,810		25.1				
	Overhead			42,358	1,877		302				
PRP.2635.Maple Street FY15	2015 PRP Marion, KY replacing 5418' of 2"			T.M.C. V.	24017		502				
	Pipe on Maple St. 67 Services at \$1,650 ea										
	for a total of \$110,550. Budget services for										
	April	67	343,965			4,020					
	Contractor		0.0,000	93,800		1,020	754				
	Material			12,060	4,690		751				
	Overhead			34,193	1,515		243				
PRP.2636.Coast Guard Ln FY15 CC	Install 1500' of 2" PE. IP to IP. 23 Services			51,155	1,515		213				
114 .2000.Count Child Elli 1 1 1 7 CC	for a total of \$37,950. Installation by										
	Company PRP Crew.	23	31,207			4,020					
	Contractor		51,201	32,200		1,020	259				
	Material			4,140	1,610						
	Overhead			11,738	520		84				
PRP.2636.Colonial Court FY15	Install 2,000' of 2" PE. IP to IP. 43 services			11,750	520				<u> </u>		
re 2000.commi court 115	at \$1,650 each for a total of \$70,950	43	112,624			4,020					
	Contractor	- 45	112,027	60,200		4,020	484				
	Material			7,740	3,010		-+0-+				
	Overhead			21,945	972		156				
L	Overnead			21,743	712		130				

PRP.2636.Dublin Lane FY15	Dublin Lane, Lee Court, Burdette Court, Ohio Street Hanning Lane, Herr Ave, Woodford Ave. Install 1220 of 6" PE. LP to IP. Replace 106 services at \$1,650 each for a total pc.\$175,900	106	387,305			4,020	The state of the s	
	Contractor	100	367,303	148 400		4,020	1 100	
				148,400	2.22		1,193	
	Material			19,080	7,420			
	Overhead			54,096	2,397		385	
PRP.2636.East 11th FY15	East 11th, Glendale Ave, Parkdale Dr. Install 900' of 4" PE and 910' of 2" PE. IP to IP. 61 services at \$1,650 each for a total of							
	\$100.650	61	106,786			4,020		
	Contractor			85,400			686	
	Material			10,980	4,270			
	Overhead			31.131	1.379		222	
PRP.2636.Ewing Rd/West 2nd FY15	Install 5565' of 2" PE and 432' of 4" PE. LP to			***************************************				S - July Tilginia
B	IP. 67 services at \$1,650 each for a total of							
	\$110,550.	67	365,541			4,020		
·	Contractor	0,	505,5-11	93,800		4,020	754	
	Material				1.500		134	
				12,060	4,690		100	
nnn	Overhead			34,193	1,515		243	The state of the s
PRP,2636,Greenville 4" FY15	Greenville 4" HDPE. R/W Clearing. Replace fence at TB Station. Replace Regulator Station. Install 10,117 of 4" HD PE. 9 Services stub ups for a total of \$14,850	9	1,190,198			4,020		
	Contractor	-	1,170,170	12 600		4,020	101	
				12,600			101	
	Material			1,620	630		26	
	Overhead			4,593	203		33	
PRP.2636.Old Greenville Feed FY15 CC	Old Greenville feed line. Replace 2,100' with 2" PE. 7 Services for a total of \$11,550.							
****	Installation by Company PRP crew,	7	6,760			4,020		
	Contractor			9,800			79	
	Material			1,260	490			
	Overhead			3,572	158		25	
PRP,2636,River Road FY15	River Road, 1st, Fielden Ave, Gilmour Court, Cullen Ave. Install 5922' of 2" PE. Low pressure to IP. Replace 66 services at \$1,650	66	370,460			4,020		
	each for a total of \$108,900	00	370,400	02 100		4,020	747	
	Contractor			92,400	4 600		743	
	Material			11,830	4,620			
	Overhead			33,682	1,492		240	
PRP.2636.Sunset Dr FY15	Sunset Drive, Westview Drive, Wink Court. Install 1,756' of 4" PE and 3809' of 2" PE. IP to IP. 119 Services at \$1,650 each for a total							
	of \$196,350	119	336,417			4,020		
	Contractor			166,600			1,339	
	Material			21,420	8,330			
	Overhead			60,730	2,691		432	
PRP.2637,FY15,Harrison	4,725 ft of 4 inch steel and 885 ft of 2 inch							
	steel at Harrison from 25th to 28th.	115	401,347			4,020		
	Contractor	0.77		161,000		1.64.16.47	1,294	
	Material			20,700	8,050		-,	
	Overhead			58,689	2,600		418	
	O TOTAL ON THE STATE OF THE STA			20,00	2,000		TAM	

PRP.2637.FY15.Madison	1,500 ft of 6 inch steel and 3,785 ft of 4 inch steel going from 3rd and Madison to 19th and Monroe in Paducah.	114	397,076			4,020		
	Contractor	4.4	377,070	159,600		4,020	1,283	
	Material			20,520	7,980		1,203	
	Overhead			58,179	2,578		414	
PRP.2734.2nd b/w Bowder &	Install 700' of 2" PE on East 2nd between	-		30,177	2210		414	
Caldwell	Bowder and Caldwell. Replace 16 services.	16	58,657			4,020		
Cardwell	Contractor	10	30,037	22,400		4,020	100	
	Material				1 120		180	
	Overhead			2,880	1,120			
PRP,2734, Armstrong Russellville	Install 1,000' of 2" PE at Armstrong Street in			8,165	362		58	
11d ,2/34,Amishong Russellvine	Russellville. Replace 8 services.	8	58,137			1.000		
	Contractor	0	36,137	11 200		4,020		
	Material			11,200	510		90	
	Overhead			1,440	560			
PRP.2734.Bristow Rd @ Louisville	Replace 1,700 ft, of 1 1/4" bare steel on			4.083	181		29	
Rd.								
Rd.	Bristow Rd and Louisville with 2" PE. Total	8	101.040			4.000		
	services replaced (8). Contractor	В	121,842	11 000		4,020		
	Material			11,200	540		90	
				1,440	560			
DDD 2774 D & C-11 C C-	Overhead Park of the Addition			4,083	181		29	
PRP.2734.Bypass & College State St.	Replace 9500' of 4" LP and 2"LP bare steel							
	with 4" IP and 2" IP PE at . Replace 50							
	services.	50	447,836	2000		4,020	330	
	Contractor			70,000			563	
	Material			9,000	3,500			
	Overhead			25,517	1,131		182	
PRP.2734.Center Line Phase II	Install 6,200' of 8" steel at outlet of Purchase							
	#1 across from Jennings Creek. Replace 3	12.	Taction .			3.555		
	services.	3	1,905,727			4,020		
	Contractor			4,200	200		34	
	Material			540	210			
	Overhead		***************************************	1,531	68		11	
PRP,2734,Church & Nugent	Install 2,350' of 2" PE on Church and Nugent.	122	7410.0					
	Replace 28 services.	28	164,942			4,020	1.00	
	Contractor			39,200			315	
	Material			5,040	1,960			
	Overhead			14,290	633		102	t Walter
PRP.2734.Clay St, @ 14th.	Install 3,038' of 2" PE from Clay St. to 12th.							
	Replace 42 services.	42	519,449			4,020		
	Contractor			58,800			473	
	Material			7,560	2,940			
	Overhead			21,434	950		153	700
PRP.2734.Crewdson - Old barren	Install 6,200' of 6" PE. at outlet of TB #1 to					0.200		
River	Woodford Ave. Replace 100 services.	100	572,491	2022		4,020	2.00	
0	Contractor			140,000			1,125	
	Material			18,000	7,000			
	Overhead			51,034	2,261		363	
PRP.2734.East 11th St Park to Kenton			423.4					
	Park to Kenton. Replace 40 services.	40	133,982			4,020		
	Contractor			56,000			450	
	Material			7,200	2,800			
	Overhead			20,414	904		145	ne.
PRP.2734.Glendale & Kirby	Install 2,200' of 2" PE from Glendale & Kirby							
Li company de la	to McElrov & Neal. Repalce 44 services	44	157,640			4,020		
	Contractor			61,600			495	
	Material			7,920	3,080			
	Overhead			22,455	995		160	

PRP,2734,Henry @ McElroy	Install 700 ft. of 2" PE on Henry @ McElroy	6.2						
	in Bowling Green. Replace 14 services	14	57,085			4,020		
	Contractor			19,600			158	
	Material			2,520	980			
	Overhead			7,145	317		51	
	th Install 1,400' of 6" PE on High Street from							
St. Alley	Cabell to 14th Street alley and convert to IP.							
	Replace 34 services. Also install 1,200' of 2"							
	PE on 1400 block of Indianolia, Replaces 18							
	gervices	18	193,955			4,020		
	Contractor		500,000	25,200			203	
	Material			3,240	1,260			
	Overhead			9,186	407		65	
PRP.2734.Madison Ave.	Install 1,800' of 2" and 200' of 6" PE, Replace							
	20 services.	20	158,568			4,020		
	Contractor		155,550	28,000		1,020	225	
	Material			3,600	1,400		223	
	Overhead			10,207	452		73	
PRP.2734.Russ 9th St.	Install 3,405' of 4" and 2" PE from W 9th to			10,207	432		73	
224 .275 1.14455 741 54	Nashville Rd and tie in to Russell St. Replace							
	42 services.	42	334,075			4,020		
	Contractor	44	334,013	50 000		4,020	472	
	Material			58,800	0.040		473	
	Overhead			7,560	2,940		1.73	
DDD 2724 View Ch. Com. W. J. t. Cl.		······		21,434	950		153	
	en Install 1,100' of 2" IP on Vine Street from		an a10					
Lilv Rd.	Wade to Glen Lilv Rd. Replace 23 services.	23	78,712	1.000		4,020	1,112	
	Contractor			32,200	0.500		259	
	Material			4,140	1,610			
nnn	Overhead			11,738	520		84	
PRP.2734.West 10th,Payne, &	Install 6,500' of 2" PE on existing LP west of							
Stubbins	Main, 10th, 11th, Payne and Stubbins. Will							
	convert to IP. Replace 75 services.	75	481,342			4,020		
	Contractor			105,000			844	
	Material			13,500	5,250			
	Overhead			38,276	1,696		273	
PRP,2735,FY15 Woodlawn	Replace 5557' of LP 4" & 6" bare steel with IP							
	2" PE (86 services - \$141.900)	86	412,922			4,020		
	Contractor			120,400			968	
	Material			15,480	6,020			
	Overhead			43,889	1,944		313	
PRP.2735,FY15,HC Dale Heights	Replace 2587' of 4" bare steel with 4" PE (48							
	services - \$79.200)	48	198,490			4,020		
	Contractor			67,200			540	
	Material			8,640	3,360			
	Overhead			24,496	1,085		174	
PRP,2735,FY15,Mun,Buckner	Replace 2518' of 2" bare steel with 2" PE (33							
	services - \$54.450)	33	175,416			4,020		
	Contractor		2134.37	46,200			371	
	Material			5,940	2,310			
	Overhead			16,841	746		120	
PRP,2735,FY15,Mun,East Back	Replace 2142' of 2" bare steel with 2" PE (30				***************************************			
	services - \$49,500)	30	152,155			4,020	•	
	Contractor	20	122,123	42,000		1,020	338	
	Material			5,400	2,100		77	
	Overhead			15,310	678		109	
PRP,2735,FY15,Mun,Old Main	Replace 814' of 2* bare steel with 2" PE (17			15.510	070			
I I I I I I I I I I I I I I I I I I I	services - \$28,050)	17	54,710			4,020		
	Contractor	1.7	54,710	23,800		7,020	191	
	Material			3,060	1,190		121	
	Overhead			8,676	384		62	
	Overtiend			0,070	304		V-i	

PRP,2735,FY15,Mun,Washington	Replace 3217' of 2" bare steel with 2" PE (26		_					
	services - \$42,900)	26	215,605			4,020		
	Contractor			36,400			293	
	Material			4,680	1,820			
	Overhead			13,269	588		94	
RP.2735, Glas.E Main	Replace 1885' of 4" bare steel with 4" PE (29							
	services - \$47.850)	29	142,103			4,020		
	Contractor			40,600			326	
	Material			5,220	2,030			
	Overhead			14,800	656		105	
PRP,2736.Clay St FY15	PRP Clay Street. Replacing 7,750' of 4" and							
	8,355 of 2". Total number of Services at 263							
	at \$1,650 each for a total of \$433,950 (June		12121			Const		
	and July)	263	976,751	10000		4,020	0.002.0	
	Contractor			368,200			2,959	
	Material			47,340	18,410		124	
222 222 222 222 222 222 222 222 222 22	Overhead			134,219	5,946		956	
PRP.2736.Metcalfe FY15 CC	PRP Company Crew to replace 240' section of							
	4" bare steel pipe. 4 Services at \$1,650 each		4,518			4.000		
	for a total of \$5,600, Contractor	4	4,318	5,600		4,020	45	
	Material			720	280		45	
	Overhead			2.041	90		15	
PRP,2736,Robin Rd FY15 CC	PRP Company crew to replace 825' of 2" bare			2,041	90		13	
RF,2750,R00III Rd F115 CC	pipe. Pre and post camera. We will be							
	removing Robin Road LP Station, 16 services							
	at \$1,650 each for a total of \$26,400	16	10,267			4,020		
	Contractor	10	10,207	22,400		4,020	180	
	Material			2,880	1,120		100	
	Overhead			8,165	362		58	
PRP,2736, Walnut St FY15	PRP Walnut Street. Replacing 4,235' of 4"		-***	0,102				
	and 3,305 of 2". Total Services 87 at \$1,650							
	each for a total of \$143,550 (Aug and Sept).	87	468,195			4,020		
	Contractor			121,800			979	
	Material			15,660	6,090			
	Overhead			44,400	1.967		316	
PRP.2737.Lexington/Greenville	Replace 5300' of bare steel with 3850 2" &							
	1450 of 6" - (87 services - \$143,550)	87	410,001			4,020		
	Contractor			121,800			979	
	Material			15,660	6,090			
	Overhead			44,400	1.967		316	
PRP.2737.MARIMON-OFFICE-HIG	H REPLACE 6700' OF BARE PIPE							
	REPLACEMENT-MARIMON FROM CANE							
	RUN TO OFFICE, EAST OFFICE FROM							
	MARIMON TO ROBARDS, MAPLE, HIGH,							
	MONTROSE AND BALLARD STREETS. *							
	(REPLACING 96 SERVICES - \$158,400)							
		96	554,046	100.100		4,020	1000	
	Contractor			134,400	52.5		1.030	
	Material			17,280	6,720		2.0	
	Overhead Overhead			48,993	2,171		349	
PRP.2738.Legion Park to Barbara St	Replace 2673' of 2" bare steel with 4" PE (28	-00	200 105			4 000		
	service at S46,200)	28	309,405	20 200		4,020	215	
	Contractor			39,200	1.060		315	
	Material			5,040	1,960 633		102	
nnn 2720 I! P	Overhead	***************************************		14,290	033		102	
PRP.2738.Legion Park to Penick	Replace 2404' of 4" & 825 of 2" bare steel, (33	33	259 601			4,020		
	services at \$54,450) Contractor	33	258,691	46,200		4,020	371	
	Contractor Material			5,940	2,310		3/1	
	Overhead			16,841	746		120	
	Overneau			10,0+1	740		120	

PRP.2738.W Hodgenville A	xve Replace 2367'of 2" bare pipe (31 services \$51,150 for service costs)	31	184,976			4,020				
	Contractor	7.7		43,400		1,020	349			
	Material			5,580	2,170		117			
	Overhead			15,821	701		113			
	Total specific budgeted projects & bare steel functional		29,870,768	4,893,486	216,800	192,960	34,843			
	Non specfic bare steel functional			999,538	44,283		7,117			
	Total budgeted 2015 projects		29,870,768	5,893,024	261,083	192,960	41,960	\$2,049,296	1,607,552	114,000

Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-04 Page 1 of 1

REQUEST:

Refer to Exhibit K-1. Explain why the Cost of Removal for Mains is \$4,020 for each project.

RESPONSE:

The Cost of Removal for Mains remains the same at \$4,020 for each project as the cost to cut and cap the end of pipe remains the same regardless of the length of pipe being taken out of service.

Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-05 Page 1 of 2

REQUEST:

Refer to the first project on Exhibit K-1, project PRP.2739.8" Transmission Line Replacement "Aiken Rd Purchase to Buck Creek Rd.

- a. Confirm that this project is the same project for which Atmos requested a staff opinion on July 2, 2014. Atmos's request for staff opinion is attached as an Appendix to this request for information.
- b. State whether the pipeline is bare steel, cathodically unprotected coated steel, or ineffectively coated steel. If the pipeline does not match any of these types, explain why Atmos chose to include it for replacement under its Pipeline Replacement Program ("PRP").
- c. State whether the Direct Testimony of Gary L. Smith and Earnest B. Napier in Case No. 2009-00354² addressed Atmos's intention to include in the PRP all planning, design, replacement construction, investment, and retirement costs related to the replacement of bare steel (whether or not cathodically protected), cathodically unprotected coated steel, and ineffectively coated steel (whether or not cathodically protected) transmission and distribution mains, and further, that Atmos intended to monitor "other segments for leakage and needed replacement activity and react accordingly when main segments become problematic from a long range maintenance perspective."
- d. State whether Atmos's original description of the PRP, specifically as set out in the Napier Testimony in Case No. 2009-00354,⁴ contemplated the inclusion of planning, design, replacement construction, investment, and retirement costs related to replacement of facilities other than bare steel mains and services so that facilities are appropriately designed and sized.

RESPONSE:

- a) Confirmed, this project is the same project for which Atmos Energy requested a Staff Opinion on July 2, 2014
- b) This pipeline is not bare steel, cathodically unprotected coated steel or ineffectively coated steel. Atmos Energy's pipe replacement program was intended, as noted in the Appendix to this request, to replace existing infrastructure that has served its useful life. Although this pipeline is coated and cathodically protected, it is over fifty (50) years old and is currently operating at maximum capacity. The ability to maintain service to downstream customers under peak flow conditions as well as provide for the increasing energy demands in the North Central region of Kentucky is restricted. For these reasons and

Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-05 Page 2 of 2

others outlined in our request for a Staff Opinion, Atmos Energy believes this pipeline should be included in the PRP.

- c) Atmos Energy concurs that the Direct Testimony of Gary L. Smith and Earnest B. Napier, P.E. in Case No. 2009-00354 addressed Atmos Energy's intention to include in the PRP all planning, design, replacement construction, investment, and retirement costs related to the replacement of bare steel (whether or not cathodically protected), cathodically unprotected coated steel, and ineffectively coated steel (whether or not cathodically protected) transmission and distribution mains, and further, that Atmos intended to monitor other segments for leakage and needed replacement activity and react accordingly when main segments become problematic from a long range maintenance perspective. See page 16, lines 22 25 of Mr. Napier's testimony.
- d) Atmos Energy concurs that the original description of the PRP, specifically as set out in Mr. Napier's testimony in Case No. 2009-00354, contemplated the inclusion of planning, design, replacement construction, investment, and retirement costs related to replacement of facilities other than bare steel mains and services so that facilities are appropriately designed and sized. See page 14, lines 6 - 10 of Mr. Napier's testimony.

Note to (c) and (d): Although the focus of Mr. Napier's testimony related to bare steel, the testimony of Mr. Gary L. Smith and Mr. Gregory Waller, concerning the overall purpose and financial details of the PRP, was not so limited. See Mr. Smith's Direct Testimony, page 15 and Mr. Waller's Direct Testimony, pages 18-21.

Case No. 2014-00274 Atmos Energy Corporation, Kentucky Division Staff RFI Set No. 1 Question No. 1-06 Page 1 of 1

REQUEST:

Provide an updated estimate of the total projected cost of Atmos's 15-year PRP program, including actual historical cost and current projections of cost for the remaining years of the program.

RESPONSE:

For the first four years of our program (2011-2104), the Company has spent \$61.5 million in our pipe replacement program. For the remaining program years (2015-2025), the Company projects to spend \$273.5 million to complete the program. The increase in total program costs can be attributable, but not limited to the following:

- The inclusion of an additional 100 miles of bare steel pipe to be replaced. This
 information was not known when the program was proposed and approved in
 Case No. 2009-00354.
- 2. The inclusion of the Shelbyville line.
- In addition to better estimates, the Company has employed a Cross Bore Prevention program which is new to the industry and not envisioned in Case No. 2009-00354. The Cross Bore Prevention program consists of pre and post video surveys to insure that existing natural gas infrastructure as well as replacement natural gas infrastructure does not damage other utility infrastructure, mainly underground sewer lines.

Case No. 2014-00274
Atmos Energy Corporation, Kentucky Division
Staff RFI Set No. 1
Question No. 1-07
Page 1 of 1

REQUEST:

Refer to page 2 of the attached Request for Staff Opinion dated July 2, 2014. State whether Atmos still intends to replace the Shelbyville line over two fiscal years and over two PRP filings.

RESPONSE:

The Company intends to replace the Shelbyville line throughout one fiscal year and one PRP filing. While the initial discussion at the June 19th meeting was focused on a possible two year timeline, the Company is concerned about extending the project over two winter seasons.