

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	CASE NO.
ENERGY CORPORATION FOR AN)	2018-00281
ADJUSTMENT OF RATES)	

COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION
TO ATMOS ENERGY CORPORATION

Atmos Energy Corporation (Atmos), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due within ten days of the entry of this Request for Information. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Atmos shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Atmos fails or

refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to respond completely and precisely.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Atmos shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Lane Kollen (Kollen Testimony) beginning at page 48, regarding the composite allocation factor. For Division 002 and 009, provide the components of the composite allocation and the total allocation factor by state for calendar year 2018 and the forecasted test year summing up to a factor of 1.0.

2. Refer to Atmos's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 27, Attachment 1, and the Kollen Testimony, beginning at page 21.

- a. If the Commission were to limit non-PRP capital expenditures as proposed in the Kollen Testimony, identify which projects would be delayed as a result.

- b. Refer to Attachment 1 of Atmos's response to Staff's Third Request, Item 27, line 177, PRP.2637.Mississippi-Georgia. Confirm this is a Kentucky-based project.

c. Describe the nature, purpose, and need for each capital project over \$500,000 as identified in response to Staff's Third Request, Item 27, Attachment 1; identify the states in which construction for each such project will occur (and the county if the project is in Kentucky); and identify any engineering firm, if any, responsible for designing the project, and any contractor, if any, responsible for constructing the project.

d. Identify all projects or groups of projects identified in Attachment 1 of Atmos's response to Staff's Third Request, Item 27, that were designed, in whole or in part, pursuant to the same contract with any engineering firm or constructed, in whole or in part, pursuant to the same contract with any construction contractor.

e. For each project identified in Attachment 1 of Atmos's response to Staff's Third Request, Item 27, state whether the expenditures for the project are or will be direct capital spending for Kentucky for the forecasted test period, capital spending by the Kentucky/Mid-States Division's division allocated to Kentucky, or capital spending by the SSU allocated to Kentucky.

3. Refer to Atmos's response to Commission Staff's Fourth Request (Staff's Fourth Request), Item 1.

a. Explain if Blueflame Insurance Services, LTD (Blueflame) has an underwriter for its insurance services.

b. Explain if Atmos considered self-insurance versus the creation of Blueflame for insurance purposes. Provide any information, correspondence, etc. that Atmos considered in deciding to create Blueflame versus being self-insured.

c. Provide the date(s) and amount(s) of any dividends Blueflame has paid to Atmos and/or other investors/shareholders since its inception.

d. Refer to Atmos's response to Item 1.b. and c. and Attachments 1 and 2.

(1) Provide the reasons, and associated cost by reason, for the increase in insurance expense from \$595,775 in calendar year 2018 to \$1,295,475 in the base period.

(2) Provide the reasons, and associated cost by reason, for the decrease in insurance expense from the base period of \$1,295,475 to the forecasted test period of \$1,262,103 in the format listed in Attachments 1 and 2.

e. Provide the amount of insurance expense allocated to Kentucky in the format listed in Attachment 2 for 2013 through 2017.

f. Provide the cost support and an explanation for the decrease in the Blueflame insurance premium from \$.065 per \$100 of gross plant in 2017 to \$.060 per \$100 of gross plant in 2018.

g. Provide documentation, including the most recent quotes from other insurance providers, that demonstrates Blueflame is the least cost insurance product option available to Atmos.

h. If the insurance premium for Blueflame has been denied in whole or in part by any other state for ratemaking purposes, provide a detailed explanation of the basis for denial and the amount disallowed for ratemaking purposes.

4. Refer to Atmos's response to Staff's Fourth Request, Item 4, concerning the Kentucky Farm Tap Project in which Atmos states that it has approximately 929 farm taps to rebuild/replace pursuant to the Pipeline and Hazardous Materials Safety Administration (PHMSA) regulation 49 C.F.R. Section 192.740.

a. Atmos states that it does not provide farm tap service to landowners pursuant to KRS 278.485. Provide a detailed explanation as to what type of service is being provided, and what type of customers Atmos provides natural gas service to through its farm taps.

b. Identify the tariff under which Atmos serves its farm tap customers.

c. Provide a detailed description of the exact equipment that Atmos intends to replace/repair under the Kentucky Farm Tap Project.

d. Review the PHMSA Interpretation Response to the Commission dated November 9, 2018, and identified as #PI-18-0019, and explain whether this interpretation would affect Atmos's Kentucky Farm Tap Project.

e. Explain whether Atmos's Kentucky Farm Tap Project would change if PHMSA withdrew 49 C.F.R. Section 192.740.

5. Refer to Atmos's response to Staff's Fourth Request, Item 4, concerning the Kentucky Farm Tap Project. Atmos confirmed that in conjunction with its adoption of 192 C.F.R. Section 192.740, PHMSA revised 192.1003 to exclude farm taps from the requirements of an operator's Distribution Integrity Management Plan (DIMP) under 192 C.F.R. Subpart P. Atmos stated that even though farm taps are not required to be part of a DIMP, operators are permitted to create a DIMP that exceeds the minimum requirements of 192.1003, and that replacing such farm taps aid in enhancing transmission integrity management and reduces operation and maintenance costs.

a. Provide the total cost of including farm taps in Atmos's DIMP.

b. Provide a breakdown of the total cost of including farm taps in Atmos's DIMP.

c. Explain whether replacing the farm taps will only aid in enhancing transmission integrity management, or whether it will also aid in enhancing distribution integrity management.

6. Refer to Staff's Fourth Request, Item 5. Identify the effects, if any, the correction has on this proceeding.

7. Refer to Atmos's response to Staff's Fourth Request, Item 6.

a. Provide the percentage of tax repairs to capital used by Atmos to estimate the "Repairs Deduction" for tax years ending in 2019 and 2020 as shown in confidential Attachment 1 of Atmos's response to Staff's Fourth Request, Item 6.

b. Provide work papers in Excel spreadsheet format with formulas intact and unprotected, showing how Atmos calculated the percentage of tax repairs to capital used by Atmos to estimate the "Repairs Deduction" for tax years ending in 2019 and 2020 as shown in confidential Attachment 1 of Atmos's response to Staff's Fourth Request, Item 6.

c. Provide the amount of Atmos's "Repairs Deduction" taken in each tax year ending in 2014 through 2018 and the percentage of tax repairs to capital for each such year.

d. State how Atmos defines "Repairs Deduction," the allocation basis, and identify which expenditures were deducted as a repair for tax purposes.

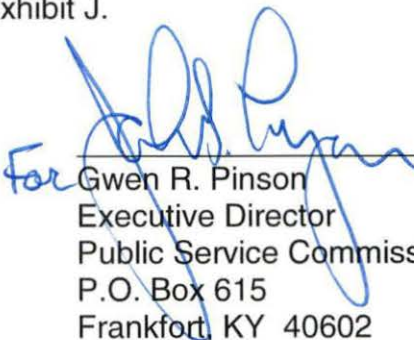
8. Provide the consolidated taxable income of all Atmos's utility operations (as distinguished from non-utility operations) for each tax year ending in 2014 through 2018 before any deductions for bonus depreciation and net operating losses carried forward or back from previous or subsequent tax years.

9. Provide the 10-year and 30-year Treasury Yields for the months of January 2018 to present.

10. For each year in which Atmos recorded Allowance for Funds Used During Construction (AFUDC) for utility plant included in the base-period rate base, quantify the AFUDC included in plant additions and retirements for each plant account by year and calculate the related accumulated depreciation and accumulated deferred income taxes for the base period and test year.

11. Refer to Case No. 2018-00280,¹ post-case files, Atmos's Report of Action dated December 17, 2018.

- a. Provide an update to this announced public stock offering.
- b. Provide any change this stock offering will have on Atmos' filed capital structure.
- c. Provide an updated Exhibit J.


Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
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DATED **MAR 11 2019**

cc: Parties of Record

¹ Case No. 2018-00280, *Application of Atmos Energy Corporation for an Order Authorizing the Implementation of \$3,000,000,000 Universal Shelf Registration* (Ky. PSC Sep. 19, 2018)

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