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AUG 27 2015

PUBLIC SERVICE  
COMMISSION

August 25, 2015

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

**RE: Case No. 2015-00272**

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 18, 2015.

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 blue ink that reads "Mark A. Martin".

Mark A. Martin  
Vice President – Rates & Regulatory Affairs

Enclosures

cc: Randy Hutchinson  
Eric Wilen

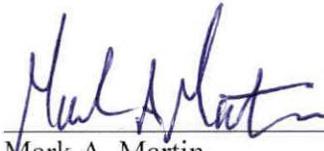
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

APPLICATION OF ATMOS ENERGY )  
CORPORATION TO ESTABLISH PRP RIDER ) Case No. 2015-00272  
RATES OFR THE TWELVE MONTH PERIOD )  
BEGINNING OCTOBER 1, 2015 )

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 25 day of August, 2015.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 7-30-16

# 46841



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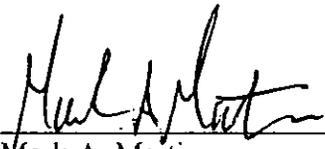
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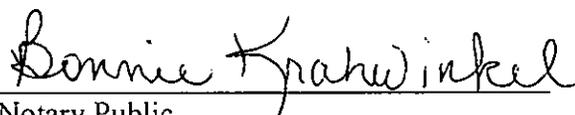
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**Atmos Energy Corporation**  
**KSPC Initial Data Request Dated August 18, 2015**  
**Case No. 2015-00272**  
**Witness: Mark A. Martin**

1. Refer to the Excel file titled 2016 KY PRP Model(link)\_AS FILED.xlsx that was submitted with the application.
  - a. Refer to the Exhibit I tab, cell K37. Explain why 0.03 is subtracted in this formula.
  - b. Refer to the Exhibit j tab, cells E18 through P18. Explain why several of the cells contain decimal values rather than integers.

**RESPONSE:**

- a. The 0.03 was subtracted in the formula in the prior year's PRP filing for rounding purposes. The Company agrees that the 0.03 may be removed from the formula in this year's filing.
- b. The Company's budgeted billing determinants are calculated by applying formulas for net growth to actual results in order to forecast future activity. These decimal values in certain cells result from the use of these formulas.

**Atmos Energy Corporation**  
**KSPC Initial Data Request Dated August 18, 2015**  
**Case No. 2015-00272**  
**Witness: Mark A. Martin**

2. Refer to the Application, last page of Exhibit K-2.
  - a. State when Atmos received the four bids related to the Shelbyville line project, and provide the amount of each bid.
  - b. Explain what is meant by Atmos's statement, "The Company is committed to spending the approximate \$14,100,000 that the Commission approved in Case No. 2014-00274."
  - c. State how much of the originally estimated \$14.1 million has been spent to date on the Shelbyville line project.
  - d. Explain what is meant by Atmos's statement, "The remaining \$7,400,000 will be absorbed into the PRP application for the 2015/2016 fiscal year."

**RESPONSE:**

- a. The Company received the four bids on 04/02/2015. Below is a summary of the four bids received:
  1. Company A - \$6,870,125
  2. Company B - \$7,498,050
  3. Company C - \$7,208,775
  4. Company D - \$20,251,486
- b. The Company fully intends to spend the full \$14.1 million that was included in the estimated capital investment filed for by the Company and authorized by the Commission in Case No. 2014-00274.
- c. As of 07/31/2015, the Company has spent \$9.35 million of the originally estimated \$14.1 million. As stated above, the Company fully intends to spend the full \$14.1 million by September 30, 2015.
- d. The \$7.4 million is included in the estimated capital additions totaling \$29.8 million for the Company for the fiscal year 2016 in this case.

**Atmos Energy Corporation**  
**KSPC Initial Data Request Dated August 18, 2015**  
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3. Refer to the e-mail attached as the Appendix to this request for information. Provide an explanation of the budget variances, in particular the magnitude of the variance in Company Labor and Benefits.

**RESPONSE:**

Below is an explanation of the budget variances as outlined in Mr. Martin's email dated June 26, 2015.

Right of Way Acquisition Costs - Route changed since initial proposal due to property dealings and post survey results. After legal review of existing easements (circa 1962), additional contracts were required along a majority of the route to bring them into contemporary standards.

Material Cost with Stores - Additional materials are needed due to the change in route and the complexity and difficulty of the tie-ins. Additional padding material is required due to the amount of rock and unsalvageable material. The materials purchased include: rectifier, anode ground bed, insulators, and pig launcher/receiver.

Company Labor & Benefits - Original estimate of company labor did not include on-site project inspection, in-house tapping crews for all 12" Mueller taps, engineering work, or right-of-way acquisition. We have had two company resources and a contract welding inspector on site to ensure proper installation.

Pipeline Contractor Installation - Our initial pipeline contractor install estimate was based on very recent 12" steel projects done in the Hopkinsville, KY area which we perceived were comparable. The contract lay prices came back higher for this specific job due to: the terrain, inability to trench entire project (only approx. 50 percent), increase in road crossings and boring, requirement to hoe ram 50 percent of the trench in anticipated solid rock, and more property owners in congested areas.