

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS	)	
ENERGY CORPORATION FOR AN ADJUSTMENT	)	CASE NO.
OF RATES AND TARIFF MODIFICATIONS	)	2017-00349

COMMISSION STAFF'S THIRD 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 and six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before January 3, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. 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 completely and precisely respond.

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 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 Atmos's response to Commission Staff's First Request for Information ("Staff's First Request"), Item 65, Attachment 1.

a. Provide the percentage of base wages that Atmos contributes to employees' defined benefit retirement plans and matching contribution guidelines for 401(k) plans.

b. Explain whether "Exempt (Salaried)" indicates employees that are exempt from the Fair Labor Standards Act minimum wage and overtime provisions.

(1) If confirmed, explain why this class has overtime pay.

(2) If not confirmed, explain this classification title.

2. Refer to Atmos's responses to Commission Staff's Second Request for Information ("Staff's Second Request"), Items 1 and 13.d. Provide a detailed explanation of why Atmos's Weather Normalization Adjustment tariff and procedures would still be necessary if the Commission were to approve Atmos's Annual Review Mechanism ("ARM") tariff as proposed, and why any variability in revenues that would impact earnings would not be addressed by the annual ARM adjustments.

3. Refer to the response to Staff's Second Request, Item 3. The response does not include all the requested information, which was a comparison of Atmos's average annual customer bills for 2007 through 2016, and for the most recent 12-month period, broken down by rate class and rate components (*i.e. monthly base charges, Mcf rates, gas cost rates for sales customers, PRP charges, DSM charges, etc.*). Provide the information requested.

4. Refer to the response to Staff's Second Request, Item 11.c. State whether Atmos's Kansas and Colorado distribution systems contribute to GTI annually. If so, provide the information requested in Item 11.c. If not, state the reason for the lack of contribution.

5. Refer to the response to Staff's Second Request, Item 13.b. State whether pre-approved projects as described in this response would be projects for which Atmos would request and the Commission would approve certificates of public convenience and necessity.

6. Refer to the response to Staff's Second Request, Item 14.b.

a. Confirm that Tennessee ARM Consumption rates are shown in Ccf for 2016, and in Mcf for 2017.

b. Explain the annual rates provided for Mississippi, including what volumetric rates were charged each year, and why the Stable Rate Factor rates are shown only for 2015–2017.

7. Refer to Atmos's response to Staff's Second Request, Item 15, page 2 of 3, in which Atmos states, "Without a mechanism such as the one being suggested [ARM], Atmos has no real opportunity to earn its reasonable rate of return."

a. Provide Atmos's rate base, operating income, rate of return, capital structure, and authorized return on equity ("ROE") for the last five years.

b. Confirm that Atmos has used a fully forecasted test year in every general rate filing with this Commission since 1999.

8. Refer to Atmos's response to Staff's Second Request, Item 16, and the Attorney General's First Request for Information ("AG's First Request"), Item 15.

a. Explain how Atmos's five-year plan was developed.

b. Provide Atmos's five-year plans for fiscal years 2014 through 2016, and the actual capital expenditures for 2012 through 2015.

9. Refer to Atmos's response to Staff's Second Request, Item 18, page 3 of 4. This page shows that the Annual PRP Investment will more than double, from approximately \$40 million in 2017, to more than \$88 million in 2025. Given that Atmos's ARM proposal would eliminate the PRP, explain whether Atmos would submit with its ARM filing a list of projects included for replacement in a similar manner to that provided in Atmos's PRP applications.

10. Refer to Atmos's response to Staff's Second Request, Item 23. Define "settlement expenses" and "auto claims" and explain any measures Atmos takes to control these costs.

11. Refer to Atmos's response to Staff's Second Request, Item 24, Attachment 1. If available, provide this same information for the forecasted test year.

12. Refer to Atmos's response to Staff's Second Request, Item 49. Confirm that Atmos Energy Corporation's Form 10-K does not provide the most current earned ROE for all of Atmos's distribution utilities as requested.

- a. If confirmed, provide the requested information.
- b. If not confirmed, provide the location of the information.

13. Provide the following information by state for Atmos's distribution systems in Texas, Mississippi, Louisiana, and Tennessee.

a. The number of gas distribution and electric utilities regulated by the state utility regulatory commission that is the equivalent of the Kentucky Commission.

b. The number of gas distribution utilities and electric utilities that are eligible to file using ARMs, and that actually file ARM applications with the state utility regulatory commission.

c. State whether Atmos has experienced a rate decrease in any year in which the ARM has been used to adjust rates annually.

14. Refer to the response to the AG's First Request, Item 47.b., Attachment 1.

a. Refer to the Rate Stabilization Clause tariff of Atmos's Louisiana Gas Service Rate Division, third revised page 50. Provide an explanation of paragraph (8) under Annual Earnings Calculations, which describes the O&M benchmark.

b. Refer to the Stable Rate Adjustment Rider of Atmos's Mississippi distribution system, page 1 of 27. Provide an explanation of how rates are adjusted annually based on expected Return on Rate Base Equity results.

c. Refer to the ARM tariff of Atmos's Tennessee distribution system. Compare the requirements set out in the ARM Filing Section, A. Contents of the Annual Filing and B. Revenue Requirements with those contained in Section IV. ARM Filing of Atmos's proposed ARM tariff in this proceeding. Provide an explanation for each difference in filing requirements.

d. Refer to Atmos Tennessee's ARM Filing Section, C. New Matters, which is identical in most respects to the same C. New Matters section in the proposed Atmos Kentucky ARM tariff. Confirm that the Kentucky Commission must approve any change in approved tariff methodologies.



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cc: Parties of Record

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