

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	
ENERGY CORPORATION FOR AN)	CASE NO.
ADJUSTMENT OF RATES; APPROVAL OF)	2024-00276
TARIFF REVISIONS; AND OTHER GENERAL)	
RELIEF)	

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

Atmos Energy Corporation (Atmos), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on December 2, 2024. The Commission directs Atmos to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 Atmos obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Atmos fails or refuses to furnish all or part of the requested information, Atmos shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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 Atmos's response to Commission Staff's First Request for Information (Staff's First Request), Item 8(b). Provide the costs incurred by Atmos for each funded project by Operations Technology Development (OTD) and Utilization Technology Development (UTD), respectively.

2. Refer to the Direct Testimony of Paul H. Raab (Raab Direct Testimony), page 10, line 23; and page 11, line 1. Identify and explain what natural gas demand characteristics Atmos is referring to when discussing customer classes.

3. Refer to the Raab Direct Testimony, page 12, line 22. Explain how Atmos forecasted 74 percent of its total firm sales volume during the winter months of November through March. Include in the response any necessary calculations to support the 74 percent figure. State what years the testimony regarding November to March sales is referencing.

4. Refer to the Raab Direct Testimony, Exhibit PHR-5. Provide the Exhibit in Excel Spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

5. Refer to the Direct Testimony of Thomas L. Troup (Troup Direct Testimony), page 11, lines 10–16. Provide and explain each equation used to adjust each customer class for variances from normal weather based on the current heating degree day (HDD) composite and normal basis.

6. Refer to the Troup Direct Testimony, page 11, lines 17-19. In Excel format with all formulas, rows, columns, and cells fully accessible, observable, and unprotected, provide the historical data and trends for the customer count, net annual growth, and weather normalized adjusted volumes per customer for the residential, commercial, and public authority classes.

7. Refer to the Troup Direct Testimony, page 12, lines 1–8.

a. Explain and provide the equations, assumptions and analysis used to forecast residential, commercial, and public authority classes. Provide detailed

information regarding both the number of customers and the volume of gas forecast for each customer class.

b. Explain how the net annual growth was determined for the residential, commercial, and public authority classes.

8. Refer to the Troup Direct Testimony, page 12, lines 11–15.

a. In Excel format with all formulas, rows, columns, and cells fully accessible, observable, and unprotected, provide the data and trend lines which show that average usage customer usage was declining and then leveled off for the past ten years.

b. Provide the equations used to forecast average customer usage for the residential, commercial, and public authority classes and identify any other factors referenced or utilized in making the forecasts other than the current ten-year trend.

9. Refer to the Direct Testimony of Dylan W. D'Ascendis (D'Ascendis Direct Testimony), Table 1, page 2, and Schedule DWD-1, page 1. Provide a breakdown of Atmos's long-term and short-term debt supporting each of the composite cost rates of 4.11 percent and 17.14 percent.

10. Refer to the D'Ascendis Direct Testimony, page 4 lines 1–4, page 14, lines 9–28, page 15, line 1, and Schedule DWD-2, page 4. Refer also to NiSource's status as a combination gas and electric regulated utility. In terms of aligning business and financial risks, explain the rationale for including a proxy group made up of 53 non-regulated companies and not including a proxy group containing combination gas and electric utilities.

11. Refer to the D'Ascendis Direct Testimony, page 4, lines 10–13, and Table 2. The Commission has previously rejected the application of adjustments for company size, credit risk, flotation cost and non-regulated company proxy groups for ratemaking purposes.² Provide any facts that support approval of these adjustments.

12. Refer to the D'Ascendis Direct Testimony, page 18, lines 20–22, and Schedule DWD-2, page 1.

a. Explain whether the statement means that dividend growth rates play no part in influencing market prices.

b. Provide an update to Schedule DWD-2, page 1, including dividend per share growth rates.

13. Refer to the D'Ascendis Direct Testimony page 18, lines 20–22, and Schedule DWD-4 page 1.

a. Explain the time period and which stock index serves as the basis for the Value Line and Bloomberg adjusted beta values.

b. Explain time period and basis for Yahoo Finance beta calculations and why they could not also be included in the analysis.

c. Provide an update to Schedule DWD-4 including adjusted Yahoo Finance beta values.

d. If Yahoo Finance beta values are unadjusted, provide the formula for adjusting the beta values.

² Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 19, 2022), final Order at 48.

14. Refer to the D'Ascendis Direct Testimony, page 20, lines 8–10, and Schedule DWD-3, page 6. Explain why an equity risk premium based on a broader index such as the New York Stock Exchange Composite Index comprising approximately 1,700 companies would provide an additional alternative, if not better estimate than the narrower S&P 500 Index.

15. Refer to the D'Ascendis Direct Testimony, page 20, lines 13–23, page 21 lines 1–7, and Schedule DWD-3, pages 3-4. If the bond yield spread is being based on Moody's selected bond yields in Schedule DWD-3, page 3, explain why some allowance should not be made to account for four of the six proxy companies having lower Moody's bond ratings and two of which having significantly lower bond ratings than Atmos.

16. Refer to Schedule DWD-3, page 10. Presume that there are many factors that may influence a state regulatory commission's decision regarding the cost of equity which would not be influential in the market, and which may in part account for the widespread between equity risk premiums for any given A2 rated Moody's bond yield. Explain further why using state utility regulatory commission decisions provides a reasonable basis upon which to set current cost of equity decisions.

17. Refer to Atmos's response to Staff's First Request, Staff_1-50_Att1_-_Average_Number_of_Customers.xlsx.

a. Confirm whether the customer numbers in the Base Period CY 2024 column are actual or projected. If projected, provide a detailed explanation of the calculations and/or formulas used to determine these numbers.

b. Identify whether the customer numbers provided here represent Kentucky customers exclusively or include the broader Kentucky/Mid-states Division.

18. Refer to Atmos's response to Staff's First Request for Information, Staff_1-25_Att1_-_CWIP.xlsx. Atmos lists construction projects slated for completion in 2022, 2023, and early 2024. Explain why Atmos still classifies these projects as works in progress.

19. Provide a copy of the Power Point document presented at the October 31, 2024 Informal Technical Conference.



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DATED NOV 12 2024

cc: Parties of Record

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