

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

Application of Atmos Energy Corporation)
for an Adjustment of Rates) Case No. 2013-00148
and Tariff Modifications)

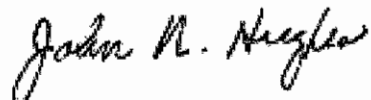
REQUESTS FOR INFORMATION TO THE ATTORNEY GENERAL

Atmos Energy Corporation (Atmos Energy), by counsel, submits its requests for information to the Attorney General pursuant to the Commission's order of June 28, 2013.

Submitted by:

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Certification:

I certify that is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing was transmitted to the Commission on October 23 , 2013; that an original and one copy of the filing will be delivered to the Commission within two days; and that no party has been excused from participation by electronic means.

John R. Hughes

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1. Please reference the headers of the exhibits filed by Mr. Ostrander in which “Atmos Electric Corporation(s)” appears in the title. Confirm that you are rebutting the testimony filed on behalf of Atmos Energy Corporation rather than Atmos Electric Corporation. Please confirm Mr. Ostrander is aware that Atmos Energy is a natural gas distribution company and has no electricity distribution operations.
2. Please provide all workpapers, source documents, financial models, assumptions and other materials relied upon to produce the revenue requirement of \$1,215,895 recommended in Mr. Ostrander’s testimony. Please provide information in excel format with formulas intact.
3. Please provide all emails, letters, invoices, and other communications between the Office of the Attorney General and Mr. Ostrander related to this case.
4. Please see Mr. Ostrander’s testimony at page 11 line 19 in which he says the Company did not provide supporting calculations or documentation for the inflation factor adjustment.
 - a. Confirm that Mr. Ostrander reviewed the Company’s response to OAG 1-111(b), which refers the reader to the Company’s response to Staff 1-59 attachment 15 labeled FY13 O&M Forecast and contains the supporting calculations and documentations, including the calculation of the 2.7% inflation factor (see CPI Index tab), before providing testimony.
 - b. Confirm Mr. Ostrander received the same spreadsheet (which he claims to be missing and not readily available) that was also provided in Company’s response to OAG 1-111 attachment 1 labeled O&M Comparison.
 - c. If the answer to b. above is no, please explain how Mr. Ostrander’s opinions on the matter can be viewed as credible as he has not reviewed all relevant data on the issue.
5. Please see Mr. Ostrander’s testimony at page 22 line 12 regarding the application of the inflation factor to the base period.
 - a. Please confirm that Mr. Ostrander reviewed the Company’s response to OAG 1-111 attachment 1, labeled O&M Comparison, specifically the Div 2, Div 12, Div 91, and Div 9 Forecast tabs which show the base period being made up of 7 months of actual expenses (which does not have an inflation factor applied) and 5 months of budget expenses which also did not have an inflation factor applied.
 - b. Please acknowledge that the Company also provided this information in its response to Staff 1-59 in a file labeled FY 13 OM Forecast or explain how the information provided was not responsive to the data request.
 - c. Based on the Company’s response to OAG 1-111, please confirm that the \$248,454 downward adjustment made to the Company’s base period figures in BCO-2 Schedule A-4 was made in error.
6. Does Mr. Ostrander believe inflation is a real economic phenomenon?
7.
 - a. Has Mr. Ostrander reviewed the testimony of Mr. Glenn A. Watkins?
 - b. Is Mr. Ostrander aware of the question at line 14 on page 40 of Mr. Watkins’ testimony which asks “Is it reasonable to infer that the cost of constructing a stand-alone pipeline to connect a customer’s facilities with an interstate pipeline has increased over the last 13 or 14 years?”

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- c. Has Mr. Ostrander reviewed the answer to the above referenced question, which in its entirety states “Certainly. If for no other reason due to the effects of inflation.”
 - d. Does Mr. Ostrander agree with Mr. Watkins response that inflation is a factor in cost escalation?
 - e. If the answer to (d) is yes, would it also be reasonable for the Company to apply an inflation factor to its forecasted expenses?
 - f. If the answer to (d) is yes and the answer to (e) is no, please explain how one can acknowledge the effects of inflation at the same time opining inflation will not affect the prices the Company incurs for goods and services from one year to the next.
8. Does Mr. Ostrander believe the Consumer Price Index to be an inaccurate estimate of the effects of inflation on prices in the future? If so, please provide an alternative measure for inflation.
 9. Is Mr. Ostrander aware of the testimony of Frank W. Radigan on behalf of the Kentucky Attorney General in Case No. 2013-00167 (Adjustment of Rates of Columbia Gas of Kentucky, Inc.) on pages 32-33 in which he uses the CPI to estimate cost increases from year to year?
 10. Explain how the Attorney General can suggest use of the CPI to estimate cost increases from year to year in one case, and in another case take the position that the use of the CPI as “a generic inflation factor is an indication of the problems and inaccuracy with Atmos’ forecasting process used in this rate case”.
 11. Does Mr. Ostrander believe Atmos Energy to be immune from changes in market prices and conditions?
 12. Please refer to Mr. Ostrander’s testimony on page 12, lines 2 through 3 in which he references a productivity factor. Is it not possible for the Company to account for increases in productivity and efficiency when it budgets from one year to the next?
 13. Throughout Mr. Ostrander’s testimony he references changes in base pay versus changes in payroll. It seems as if Mr. Ostrander includes benefit costs in his “payroll” numbers. Confirm Mr. Ostrander realizes he is comparing two different measurements of labor costs.
 14. Please see BCO-2 Schedule A-7 at line 3.
 - a. Please confirm this expense (\$8,500,877) includes both base pay and benefits for Kentucky direct.
 - b. If the answer to the above question is “Yes”, is it inappropriate and misleading to include the benefits figure a second time in the calculation of adjustment on line 8 of the same attachment?
 - c. Please confirm the OAG adjustment on BCO-2 schedule A-7 to the Kentucky Direct Payroll is inaccurate and incorrect.
 - d. Please also confirm the Kentucky Direct Payroll number that should be listed in BCO-2 schedule A-7 at line 3 is \$5,339,350.
 15. For each adjustment made on BCO-2 Schedule A-7 please provide the reasoning and assumptions behind each adjustment, as well as the calculations (with formulas intact) used to determine any adjustment. Please also provide citations to the record where Mr. Ostrander sourced the data used in this schedule.
 16. Please list all cases in which Mr. Ostrander has testified in any state in which the applicant utility utilized a forward looking test period and attach a copy of the testimony.

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17. Please confirm that regardless of his opinion, Mr. Ostrander is aware that 807 KAR 5:001 gives the Company the option to use a fully forecasted test period in rate case proceedings.
18. Please refer to Mr. Ostrander's testimony on page 33 at line 13 in which he states that the Company has experienced a 41% increase in payroll costs. Please also see Exhibit BCO-2 schedule A-7 lines 22 through 30. Specifically cite in the testimony and filings of the Company where Mr. Ostrander sourced these numbers and provide all calculations and supporting documents Mr. Ostrander used to arrive at the this 41% increase.
19. Please see Mr. Ostrander's testimony on page 37 at line 12 in which Mr. Ostrander asserts that "In fact, Atmos' Kentucky Direct proposed payroll expense increase of 80% for the combined base and forecasted test period is exceedingly unusual and significant." Please also refer to Exhibit BCO-2 Schedule A-7 and see line 26.
 - a. Admit or deny that the number you have listed for Atmos' Kentucky direct payroll was derived by taking \$611,103 of the difference between KY Direct O&M labor dollars between the forecast period and FY2012, and adding to it the \$3,161,528 of KY Direct forecasted benefits. If you deny, provide the source of the data and calculations.
 - b. Admit or deny that the Atmos KY Direct Payroll Number of \$3,772,630 used by Mr. Ostrander in his calculation is incorrect.
 - c. Admit or deny that the Atmos KY Direct Payroll Number used in his Proposed Expense Increase calculation should have been \$611,103.
 - d. Admit or deny that Mr. Ostrander's assertion that Atmos' Kentucky Direct Payroll increased by 80% during this period is incorrect.
 - e. Admit or deny that the Total Expense Increase Proposed by Atmos for Kentucky Direct Payroll in this calculation should be 12.92%. If you deny, provide the source of the data and calculations.
 - f. Admit or deny that Mr. Ostrander's assertion that Atmos' Total Expense Increase Proposed is 41% is incorrect. If you deny, provide the source of the data and calculations.
20. Please refer to Mr. Ostrander's testimony on page 37 at lines 17 and 18.
 - a. Please provide all calculations, data, cases, analysis, studies, with formulas intact, that Mr. Ostrander reviewed to come to the conclusion that the OAG's adjustment to the Company's direct payroll is "very reasonable and fair by most comparisons."
 - b. The testimony above insinuates that some comparisons made by the OAG and/or Mr. Ostrander would make it seem as though the OAG's adjustment to direct payroll is not "very reasonable and fair." Please provide all comparisons the OAG and/or Mr. Ostrander made that would lead one to this conclusion. Please also provide all calculations, data, cases, analysis, and studies, with formulas intact, related to those comparisons.
21. Please refer to Mr. Ostrander's testimony on page 39 at line 3.
 - a. Explain how the Company could forecast a known merit increase, and confirm that by definition a forecast is not known.
 - b. Confirm that it would be reasonable for the Company to forecast merit increases for its employees.

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22. Please provide copies of all comparisons, studies, analysis, etc. that Mr. Ostrander reviewed and/or prepared regarding merit increases of other natural gas distribution utilities. Please also provide where any method for budgeting/awarding merit increases which Mr. Ostrander favors over the Company's standard 3% merit increase has been approved in a regulatory proceeding.
23. Please see Mr. Ostrander's testimony on page 25 at line 36.
 - a. Confirm that Mr. Ostrander is now aware that Atmos Energy is not a holding company or affiliate of a parent organization and explain how his opinions regarding allocations of these types of entities are relevant to this proceeding.
 - b. Confirm that Mr. Ostrander reviewed Mark Martin's testimony filed by the Company in this proceeding regarding the Company's Cost Allocation Manual and have Mr. Ostrander please describe his understanding of SSU and DGO allocations.
24.
 - a. Please confirm that Mr. Ostrander reviewed the Company's supplemental responses to Staff 1-45, attachment 1, filed on August 29, 2013 regarding an update to O&M income/expenses for the base period.
 - b. Please confirm that the operating expenses (non-gas-cost O&M expenses, depreciation expense and taxes other than income) filed for the base period (*base period included 7 months of actual expenses and 5 months of budgeted expenses*) were \$43,885,667.
 - c. Please confirm the actual expenses for the same period as referenced in (b) above were \$44,020,655.
 - d. Please confirm this is a difference of approximately .31%.
 - e. In several places in Mr. Ostrander's testimony he attacks Atmos' budget process saying it should be "seriously questioned" or that it is "flawed and not cost based". Does Mr. Ostrander consider a variance of .31% on the Company's filed base period expenses of \$43.9 million to be a good result?
 - f. If a budgeting process produced a budget that only varied .31% from its actual costs would Mr. Ostrander consider this such an unacceptable result that he would demand a change in that budgeting process?
 - g. What does Mr. Ostrander consider a good variance when comparing a budget to actual expenses and what is his experience with developing a budget for a company the size of Atmos that supports that opinion?
25. Please refer to Mr. Ostrander's testimony on page at 8 at line 4.
 - a. Is Mr. Ostrander suggesting the Kentucky Public Service Commission has somehow been derelict in its duties and nobody in the Commonwealth of Kentucky is receiving fair, just and reasonable rates?
 - b. Is Mr. Ostrander suggesting that all rate case outcomes involving a forward looking test period and approved by the Kentucky Public Service Commission are unfair, unjust, and unreasonable?
 - c. Please provide all analysis and data Mr. Ostrander reviewed or prepared in making the determination that his adjustments were more "fair, just and reasonable" and provide all supporting calculations Mr. Ostrander used to draw for this conclusion.
 - d. How did Mr. Ostrander measure the fairness of rates? Please provide all supporting documents and calculations related to the same.

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- e. Please provide all data, studies, analysis, comparisons, etc. that Mr. Ostrander has reviewed or prepared involving the outcomes of rate cases which allowed for a fully forecasted test period versus the outcomes of rate cases that required a historical test period. In each of these comparisons, please explain with specificity where the “methodology and specific impacts on costs” of the forward looking test were inferior to that of a historical test period and created a bad result for the ratepayer.
26. Please refer to Exhibit BCO-2 Schedule A-7. Please provide all data, calculations, or documents which Mr. Ostrander used to determine a 22% reduction in the Company’s payroll and benefit costs would be “just, fair, and reasonable.”
27. Please provide citations to all rulings from the IRS which directly speak to and rule on the issue regarding NOLC ADIT as referenced in Mr. Ostrander’s testimony beginning on page 52 at line 16.
28. Confirm that Mr. Ostrander’s testimony regarding the various treasury regulations he cites on pages 52 through 53 is nothing more than his opinion regarding the interpretation of these regulations and in no way is this testimony an indication of how the IRS may rule on the NOLC ADIT issue at hand.
29. Please refer to Mr. Ostrander’s testimony on page 52 lines 3-4.
 - a. Explain the nature of Mr. Ostrander’s relationship with the management of Big River’s Electric Company (“BREC”) and why he believes BREC would not voluntarily place itself in violation of the tax code.
 - b. Is it Mr. Ostrander’s position that because BREC did not include NOL tax credits in their rate base, this fact is dispositive on the tax normalization issue discussed therein?
 - c. Confirm that the rate case involving BREC referenced throughout Mr. Ostrander’s testimony was unique in the fact that BREC had lost 1 customer which accounted for a loss of \$205,000,000 in annual revenue, and that the rate adjustment requested was an annual increase of approximately \$74,000,000.
30. Does Mr. Watkins admit or deny the following statements? If you deny, please explain the basis for your denial.
 - a. Atmos’ Special Contracts in Kentucky have been reviewed and accepted by the Kentucky Public Service Commission.
 - b. Large Volume customers on a LDC system are generally beneficial for ratepayers as a whole.
 - c. The removal of the Special Contract customers from Atmos’ system would be more harmful than beneficial for other ratepayers on the system.
 - d. The Kentucky Public Service Commission would not accept any special contracts entered into by Atmos and the Special Contract customer if there was not a legitimate and verifiable threat of bypass.
 - e. The Kentucky Public Service Commission would not accept any special contracts entered into by Atmos and the Special Contract customer if it did not believe the rates proposed were fair, just and reasonable.

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31. Please refer to Mr. Watkins' testimony on Page 39, lines 21-23. Please confirm that Mr. Watkins is aware that each of the Company's negotiated rate customers have entered into contracts for negotiated gas service and rates that have been accepted by the Kentucky PSC.
32. Please refer to Mr. Watkins' testimony beginning on Page 37, line 22 and ending on Page 38, line 10.
 - a. Confirm that Mr. Watkins is making a generalization in his analysis that two and a half miles is a distance that makes bypass unfeasible.
 - b. If the answer is no, please provide the reports, workpapers, bypass analyses, and all other documents with formulas intact that support Mr. Watkins' conclusion that such distance would make it "very impractical, if not impossible, for a private enterprise without eminent domain to secure easements, rights-of-way, or purchase land necessary to traverse the required distance from multiple landowner."
 - c. Please confirm that other factors beyond distance factor into a customer's decision of whether to bypass a LDC system.
 - d. Provide all studies, reports or analyses that Mr. Watkins has prepared related to the planning, design, construction, and operation of natural gas pipeline facilities.
 - e. Provide all studies, reports or analyses that Mr. Watkins has prepared related to the bypass of an LDC by an industrial customer.
33. Please provide all mathematical calculations, spreadsheets and workpapers, with formulas intact, as to how Mr. Watkins' arrived to his conclusion of the \$3.05 million disallowance discount regarding special contracts. Please also reconcile these amounts to Confidential Schedule GAW-3.
34. Please refer to Mr. Ostrander's testimony on pages 6 and 7 as it pertains to his opinions regarding the use of a fully forecasted test period. Please also refer to the adjustments to SSU and DGO expenses made by Mr. Ostrander on BCO-2 Schedule A-5 in which he compares the forecasted period numbers to FY 2012 numbers in order to determine the adjustment.
 - a. Confirm that Mr. Ostrander is aware of the Company's minimum filing requirement in 807 KAR 5:001 16(11)(a) which states "the financial data for the forecasted period shall be presented in the form of pro forma adjustment to the base period."
 - b. Explain why Mr. Ostrander used FY 2012 data instead of Base Period data to base his adjustments in BCO-2 Schedule A-5?
 - c. Is the use of FY 12 numbers instead of base period numbers an attempt by Mr. Ostrander's to circumvent the statutory right of the Company to use a fully forecasted test period?
 - d. Please provide new calculations for all adjustments (including but not limited to the adjustments made on BCO-2 Schedule A-5), using the base period as the proper reference point, in which FY 2102 numbers were used.
35. Please refer to Mr. Ostrander's testimony on page 23 at line 9.
 - a. Confirm that Mr. Ostrander reviewed Staff 1-59 attachment 15 labeled FY13 O&M Forecast, specifically the O&M comparison tab.
 - b. Admit or deny that pre-allocation, the sum of SSU, DGO, and Kentucky direct expenses decreased \$1,366,940 from the base period to the forecasted test period.

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- c. Admit or deny that Kentucky's share of SSU expenses increased from the base period to the forecasted test period because of a reallocation of these expenses and not because actual expenses were going up.
36. Please refer to Mr. Watkins testimony on page 38 lines 12 through 20 regarding affiliate relationships.
 - a. Has Mr. Watkins reviewed KRS 278.2213 regarding prohibited business practices amongst utilities and their affiliates?
 - b. Please provide documentation of all instances in which Mr. Watkins believes the Company to be in violation of KRS 278.2213.
 - c. Does Mr. Watkins believe there are flaws in KRS 278.2213, which would allow Atmos to circumvent the requirements and restrictions of the statute? If yes, provide an analysis of the flaws.
37. Please refer to Mr. Watkins testimony on page 38 lines 18 through 20 which reads as follows:

“To the extent that Atmos negotiates rate discounts in its distribution rates and affiliate also provides gas supply to the same customer, the potential for mischief exists.”

Assuming Mr. Watkins found no instances of violation in 36 (b) above, explain the relevance of the above referenced testimony to this rate proceeding?

38. Please refer to BCO-2 Schedule A-8 lines 1 and 2.
 - a. Please cite to the record where Mr. Ostrander sourced the \$341,555 figure found in Column D on line 1.
 - b. Confirm that the \$341,555 figure as it relates to LTIP Expenses cited above is from FY 2012.
 - c. Explain why Mr. Ostrander used FY 2012 actuals and not forecasted test period data as filed by the Company.
39. Please have Mr. Ostrander explain his understanding of the Company's LTIP (restricted stock plan).
40. Is Mr. Ostrander aware that the Company's LTIP and restricted stock plan are one in the same?
41. Confirm that Mr. Ostrander included LTIP expenses twice in Exhibit BCO-2 Schedule A-8, both on lines 1 and 2, as well as on lines 6 through 8 (i.e. he double counted the LTIP) causing an overstatement in his adjustment. Confirm that the amounts on Lines 1 and 2 are from a different time period than the amounts on lines 6-8.
42. Please confirm that had the duplicate LTIP expenses been removed from BCO-2 Schedule A-8, the correct adjustment in Column D Line 11 using Mr. Ostrander's methodology would have been \$582,227.
43. Please refer to BCO-2 Schedule A-7 as well as Mr. Ostrander's testimony on page 34 lines 6 through 13.
 - a. Confirm that the first column, which Mr. Ostrander claims to be the most important, is inaccurate in that benefit expenses were included twice.

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44. In data request OAG 1-116, the AG points out that Atmos provided over 1,000 pages of materials in support of its case and implies that the quantity of materials required to support a forecasted test period is evidence that its use is burdensome and costly for ratemaking. Part (a) of the question states that “the forecasted test period appears to require substantial internal resources and documentation (such as over 1,000 pages of supporting documentation).” In the Ostrander testimony on page 6 line 17 sites “lack of documentation” as a criticism of Atmos’ forward looking test period. Please reconcile this apparent contradiction in the criticism of Atmos’ use of a forward looking test period and explain the AG’s position in detail.
45. Confirm that Atmos’ application was deemed to be compliant with PSC regulations by the PSC on June 26, 2013. If you cannot confirm, please explain fully.
46. Please refer to Mr. Ostrander’s testimony at page 12 lines 15 – 17 where he finds fault with the accuracy of Atmos’ budgeting process. Please cite all examples of mathematical error found by Mr. Ostrander in Atmos’ budgeting process and explain why none of those instances were cited in his testimony.
47. Please refer to Mr. Ostrander’s testimony at page 15 lines 1 – 5.
 - a. Please clarify whether Mr. Ostrander believes his own failure to “notice that Atmos explained this in testimony or related responses to OAG data requests” should be considered evidence that Atmos actually failed to provide such explanations.
 - b. Please confirm whether Mr. Ostrander reviewed and considered the entire direct testimony of Mr. Densman including page 13 lines 18 – 22 and the preceding detailed explanation of the budgeting process.
 - c. Please admit that Atmos was not asked if it applied the inflation factor to the base period.
48. Please refer to Mr. Ostrander’s testimony at page 26 lines 15 – 29. Mr. Ostrander claims that Atmos did not provide support for its calculation of the \$2.6 million impact of the Georgia sale and that it is not possible to determine how Atmos calculated this \$2.6 million. Please clarify whether Mr. Ostrander reviewed and considered Atmos’ response to Staff data request 3-11 where the requested support was provided.
49. Please refer to Mr. Ostrander’s testimony at page 26 lines 31 – 38 and page 27 lines 1 – 9 where he complains of Atmos’ failure to provide supporting documentation for data that he perceives to be inconsistent. Admit or deny that Atmos was not asked for clarification, support or explanation of the inconsistency that Mr. Ostrander now claims.
50. Please refer to Mr. Ostrander’s testimony at page 37 lines 17 -18 “OAG’s payroll adjustment is very reasonable and fair by most comparisons”. Please identify the universe of comparisons from which it was determined that “most” agree with Mr. Ostrander. Please provide all studies, documentation, and supporting calculations for those comparisons.
51. Please reference Exhibit BCO-2 Schedule A-9 Lines 26-33 and the Ostrander testimony on Page 46 Line 21 to Page 47 Line 6.
 - a. Please explain in detail the rationale behind inflating the level of anticipated savings proportional to the level of capital investment.

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- b. Do you agree that additional features or functionality beyond what was originally designed would be necessary to achieve additional savings beyond what was originally estimated? If you do not agree, please explain fully.
 - c. Please cite all instances in testimony and/or data requests where the Company indicated that the increase in capital spending was driven by additional functionality and/or features beyond the original scope.
52. Please reference Exhibit BCO-2 Schedule A-10.
- a. Please confirm that the amount listed on Line 3 in Column E should be \$356,963,785 rather than \$355,963,785.
 - b. Please confirm that the amount listed on Line 9 in Column E should be (\$1,375,810) rather than (\$1,875,810).
 - c. Please confirm that the time period from which the amounts in parts a and b of this request are sourced is 12/31/2012 and please confirm that 12/31/2012 is not within the forward looking test year of this case.
 - d. Please provide all assumptions, calculations, sources and supporting workpapers to support the \$1,500,000 on Line 12 in Columns J and K.
53. Refer to the Ostrander testimony on Page 31. Define the term “known and measurable” as used in the testimony.
54. Provide citations to all cases in which the Commission has applied the known and measurable standard to a fully forecasted test period.
55. Provide a list of all proposed adjustments by Atmos that do not meet the definition of known and measurable as defined above. Please explain in detail why each of these adjustments does not meet the definition and provide supporting documents and calculations.
56. Refer to the Ostrander testimony on Page 7. Provide all reasons that a future test year is not a better option for ratemaking in this case than an historical test year.
57. Refer to the Ostrander testimony on Page 6. Explain your concerns about the methodology, impacts on costs and specific level of details not included in state statutes.
- a. Is the use of a future test year ever appropriate? Explain.
 - b. Refer to the Ostrander testimony on Page 8. Provide a detailed explanation of all factors that support your statement that fair, just and reasonable rates cannot be obtained by Atmos’ use of a future test year.
58. Refer to the Ostrander testimony on Page 37, Line 18. Provide all “comparisons” that are referenced related to payroll increases.
59. Refer to the Ostrander testimony on Page 54 Lines 14-16. Please list all of the cases Mr. Ostrander reviewed to determine that “some state regulatory agencies have removed NOLC ADIT from rate base in a rate case and some have required inclusion of the NOLC ADIT in rate base”.
60. Throughout Mr. Ostrander’s testimony, he states that Atmos has not met a reasonable burden of proof, for example, page 17, line 6. Explain his definition of reasonable burden of proof and cite all KY PSC cases that support his definition.
61. Refer to Ostrander testimony on Page 25, line 36. Explain the significance of the reference to holding companies and the relevance to Atmos Energy.

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62. Explain whether Mr. Ostrander is aware of the Commission's general policy to allow recovery by utilities of actual rate case expenses incurred through the month that the formal hearing is conducted.
63. Please refer to the Watkins testimony on page 11: "[t]he Peak and Average approach is the most fair and equitable method to assign natural gas distribution mains costs to the various customer classes." Provide all analysis and documents relied upon in making this statement and all regulatory orders that have adopted that assumption.
64. Do you agree with the following statement: From a distribution planning perspective, the installation of distribution mains is unaffected by amount of gas sold on an annual basis to its customers. Explain.
65. Does the Peak and Average methodology generally assign a larger portion of the revenue increase to non-residential customers?
66. Has the PSC ever approved a cost of service study that allocated the cost of distribution mains on the basis of Mcf sales?
67. Please provide Schedule GAW-2 and any associated backup files in electronic format with all formulas intact.
68. Does Mr. Watkins acknowledge that the MLR as proposed would only relate to lost margin related to (1) the Company's Economic Development Rider (EDR), (2) discounts pursuant to the Alternative Fuel Responsive Flex provisions or (3) special contracts?
69. Is Mr. Watkins aware that the OAG did not file any data requests and/or comments in opposition to the proposed MLR in Case No. 2012-00066?
70. Mr. Watkins, please confirm that the Company's proposed MLR in Case No. 2013-00148 is similar to the one proposed in Case No. 2012-00066 and approved by the PSC in Case No. 99-070.
71. Please refer to Mr. Watkins' testimony on p. 34, lines 11-22. Is Mr. Watkins aware of any instance where Atmos has constructed "oversized" facilities to serve any of its special contract customers? If the answer is yes, please provide details.
72. Has Mr. Watkins performed any study or analysis relating to whether the revenue generated under the special contract rates is sufficient to cover all variable costs and contribute to the company's fixed costs? If the answer is yes, please provide copies of all such studies or analysis with supporting details and work papers.
73. Please refer to the Watkins testimony on p., 38, lines 12 through 20. Is Mr. Watkins aware of any instance where a special contract customer was required to purchase gas through an Atmos affiliate? Is Mr. Watkins aware of any instance where a special contract customer was solicited by Atmos to purchase gas through an Atmos affiliate? If the answer to either of the above questions is yes, please provide all details.
74. Please refer to Mr. Watkins' testimony p. 40, lines 20-23 and p. 41, lines 1-12. List all cases in which you have testified before a utility regulatory body where the gas utility had special contracts with industrial customers capable of by-pass, where you have addressed the issue of whether the "captive ratepayers" should bear any portion or all of the so-called "discount".
75. Does Mr. Watkins have any proof or evidence to present that Atmos was imprudent in entering into any of the special contracts referred to in your testimony?