

The Law Offices of

WILSON, HUTCHINSON & LITTLEPAGE

611 Frederica Street
Owensboro, Kentucky 42301
Telephone (270) 926-5011
Facsimile (270) 926-9394

William L. Wilson, Jr.
Mark R. Hutchinson
T. Tommy Littlepage

bill@whplawfirm.com
randy@whplawfirm.com
tommy@whplawfirm.com

August 1, 2016

Talina Mathews
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601


Re: Atmos Energy Corporation
Case No. 2016-00262

Dear Ms. Mathews:

Atmos Energy Corporation submits its application to establish PRP Rider Rates for the twelve month period commencing October 1, 2016. I certify that the electronic documents are true and correct copies of the original documents.

If you have any questions about this filing, please contact me.

Submitted By:



Mark R. Hutchinson
Wilson, Hutchinson & Littlepage
611 Frederica Street
Owensboro, KY 42301
(270) 926-5011
randy@whplawfirm.com

And

John N. Hughes
124 West Todd St.
Frankfort, KY 40601
(502) 227-7270
inhughes@fewpb.net

Attorneys for Atmos Energy Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION
TO ESTABLISH PRP RIDER RATES FOR THE
TWELVE MONTH PERIOD BEGINNING
OCTOBER 1, 2016

CASE NO. 2016-00262

APPLICATION

Comes now Atmos Energy Corporation ("Company") and respectfully applies to the Kentucky Public Service Commission ("Commission"), for approval to establish PRP Rider Rates for the 12-month period beginning October 1, 2016. In support of this Application, Company states as follows:

1. Company is a corporation duly qualified under the laws of the Commonwealth of Kentucky to carry on its business in the Commonwealth.
2. The Company is an operating public utility engaged in the business of supplying natural gas to the public in numerous cities, towns and communities in western and south central Kentucky.
3. A certified copy of Company's restated Articles of Incorporation, as amended, together with all amendments thereto, is on file in the records of the Commission and the same are incorporated herein by reference. See Case No. 2013-00148.
4. The Commission approved the Company's Pipe Replacement Program (PRP) in Case No. 2009-00354. The Company is filing this application in compliance with the Commission's Order in Case No. 2009-00354.
5. Correspondence and communications with respect to this Application should be directed to:

Mark A. Martin,
Atmos Energy Corporation,
3275 Highland Pointe Drive
Owensboro, Kentucky 42303
(270) 685-8024 Ph
(270)685-8052 fax
(Mark.Martin@atmosenergy.com)

Mark R. Hutchinson
Wilson, Hutchinson & Littlepage
611 Frederica Street
Owensboro, KY 42301
(270) 92-5011 Ph
(270) 926-9394 fax
(randy@whplawfirm.com)

And

John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
(502) 227-7270 Ph
(inhughes@johnnhughespsc.com)

WHEREFORE, the Company respectively requests the Commission to approve the attached PRP
Rider Rates for the 12-month period beginning October 1, 2016.

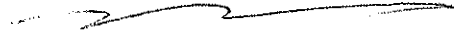
Respectfully submitted this 1st day of August, 2016.

WILSON, HUTCHINSON & LITTLEPAGE
Mark R. Hutchinson
611 Frederica Street
Owensboro, Kentucky 42301
randy@whplawfirm.com

John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
(502) 227-7270 Ph
(inhughes@johnnhughespsc.com)

CERTIFICATE

In accordance with the requirements of 807 KAR 5:001, I certify that this electronic filing is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on August 1, 2016; that an original of the filing will be delivered to the Commission within two days of August 1, 2016; and that no party has been excused from participation by electronic means.



Mark R. Hutchinson

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

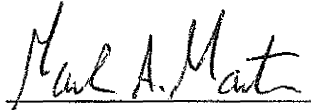
IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION
TO ESTABLISH PRP RIDER RATES FOR THE
TWELVE MONTH PERIOD BEGINNING
OCTOBER 1, 2016

CASE NO. 2016-00262

AFFIDAVIT

The Affiant, Mark A. Martin, being duly sworn, deposes and states that the statements
contained in the attached Application are true and correct to the best of my knowledge and belief.




Mark A. Martin

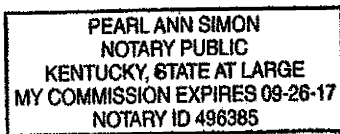
STATE OF KENTUCKY)

COUNTY OF DAVIESS)

SUBSCRIBED AND SWORN to before me by Mark A. Martin on this 29th day of July, 2016.



Notary Public – State of KY at Large
My commission expires: September 26, 2017
ID No. 496385



FOR ENTIRE SERVICE AREA

PSC KY. No. 2

Fourth Revised SHEET No. 39

Cancelling

Third Revised SHEET No. 39

ATMOS ENERGY CORPORATION
(NAME OF UTILITY)

Pipeline Replacement Program Rider

4. Pipe Replacement Rider Rates

The charges for the respective gas service schedules for the revenue month beginning October 1, 2016 per billing period are: (T)

	<u>Monthly Customer Charge</u>		<u>Distribution Charge per Mcf</u>	
Rate G-1 (Residential)	\$1.55		\$0.00	(I)
Rate G-1 (Non-Residential)	\$5.19		\$0.00	(I)
Rate G-2	\$18.19	1-15000	\$0.0584 per 1000 cubic feet	(I,I)
		Over 15000	\$0.0440 per 1000 cubic feet	(N,I)
Rate T-3	\$22.84	1-15000	\$0.0526 per 1000 cubic feet	(I,I)
		Over 15000	\$0.0397 per 1000 cubic feet	(I,I)
Rate T-4	\$21.30	1-300	\$0.0886 per 1000 cubic feet	(I,I)
		301-15000	\$0.0548 per 1000 cubic feet	(I)
		Over 15000	\$0.0427 per 1000 cubic feet	(I)

DATE OF ISSUE August 1, 2016
Month/Date/Year

DATE EFFECTIVE October 1, 2016
Month/Date/Year

Issued by Authority of an Order of the Public Service Commission in
Case No. 2016-00242

ISSUED BY /s/ Mark A. Martin
Signature of Officer

TITLE Vice President – Rates and Regulatory Affairs

**Atmos Energy Corporation
Pipe Replacement Program Filing
Table of Contents**

Exhibit A	Surcharge Summary.....	Tab 1
Exhibit B	Deficiency Calculation.....	Tab 2
Exhibit B-1	True-up of 2015 Project Costs.....	Tab 2
Exhibit B-2	True-up of PRP Recoveries.....	Tab 2
Exhibit C	Cumulative Additions.....	Tab 3
Exhibit D	Cumulative Retirements.....	Tab 4
Exhibit E	Depreciation Expense Calculation.....	Tab 5
Exhibit F	Deferred Income Tax Calculation.....	Tab 6
Exhibit F-1	Deferred Income Tax Calculation Workpaper	Tab 6
Exhibit G	Rate of Return Calculation.....	Tab 7
Exhibit H	Projected O&M Savings.....	Tab 8
Exhibit I	Rate Design.....	Tab 9
Exhibit J	Projected Customers.....	Tab 10
Exhibit K	2017 Projected Project Summary (Oct-Sep).....	Tab 11

**ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY
 AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
 SURCHARGE SUMMARY**

Line Number	Tariff Schedule	Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)	\$ 1.55	0.0000
2	NON-RESIDENTIAL (Rate G-1)	\$ 5.19	0.0000
3	INTERRUPTIBLE (Rate G-2)	\$ 18.19	
4			0.0584
5			0.0440
6	TRANSPORTATION (T-3)	\$ 22.84	
7			0.0526
8			0.0397
9	TRANSPORTATION (T-4)	\$ 21.30	
10			0.0886
11			0.0548
12			0.0427

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
DEFICIENCY

Line Number	Description	Total
1	Project Additions	\$ 38,125,863
2	Project Retirements	(3,653,860)
3	Net Change to Gross Plant	\$ 34,472,003
4		
5	Cost of Removal to Accumulated Depr.	\$ 1,607,031
6	Retirements from Accumulated Depr.	3,653,860
7	Depreciation Accrual to Accumulated Depr.	(389,200)
8	Net Change to Accumulated Depreciation	4,871,692
9		
10	Net Change to Net Plant	\$ 39,343,695
11		
12	Accumulated Deferred Income Taxes	(1,170,849)
13	Net Change to Rate Base	\$ 38,172,846
14		
15	Rate of Return	7.71%
16	Required Operating Income	\$ 2,943,039
17		
18	Depreciation & Amortization Expense	389,200
19	O&M Savings	(22,954)
20	Ad Valorem Tax Increase	263,814
21	Income Taxes on Cost of Service Items	(245,093)
22	Income Taxes on Adjusted Interest Expense	(429,454)
23	Operating Income at Present Rates	\$ (44,487)
24		
25	Deficiency	\$ 2,898,552
26	Tax Factor	60.70%
27	Total Proposed Rate Adjustment	\$ 4,775,572
28		
29	Project Cost True-up	\$ 10,441
30	Revenue Recovery True-up	\$ 151,991
31	Total True-up	\$ 162,432
32		
33	Total Rate Adjustment Plus True-up	\$ 4,938,003
34		

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2014 THROUGH SEPTEMBER 2015
DEFICIENCY

Line Number	Description	Actuals	As Filed	
1	Project Additions	\$ 36,157,899	\$ 36,024,876	
2	Project Retirements	(5,350,183)	(3,770,848)	
3	Net Change to Gross Plant	\$ 30,807,716	\$ 32,254,027	
4				
5	Cost of Removal to Accumulated Depr.	768,542	234,920	
6	Retirements from Accumulated Depr.	5,350,183	3,770,848	
7	Depreciation Accrual to Accumulated Depr.	(415,609)	(445,499)	
8	Net Change to Accumulated Depreciation	5,703,116	3,560,269	
9				
10	Net Change to Net Plant	\$ 36,510,832	\$ 35,814,297	
11				
12	Accumulated Deferred Income Taxes	(1,100,653)	(431,865)	
13	Net Change to Rate Base	\$ 35,410,179	\$ 35,382,432	
14				
15	Rate of Return	7.71%	7.71%	
16	Required Operating Income	\$ 2,730,044	\$ 2,727,905	
17				
18	Depreciation & Amortization Expense	415,609	445,499	
19	O&M Savings	(18,145)	(18,145)	
20	Ad Valorem Tax Increase	269,568	246,840	
21	Income Taxes on Cost of Service Items	(259,475)	(262,261)	
22	Income Taxes on Adjusted Interest Expense	(389,488)	(398,061)	
23	Operating Income at Present Rates	\$ 18,068	\$ 13,871	
24				
25	Deficiency	\$ 2,748,112	\$ 2,741,776	
26	Tax Factor	60.70%	60.70%	
27	Total Proposed Rate Adjustment	\$ 4,527,711	\$ 4,517,270	
28				
29	2014 approved deficiency	\$ 4,381,785	\$ 4,381,785	
30				
31	Increase in deficiency	\$ 145,925	\$ 135,484	\$ 10,441

**ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORCASTED ACTIVITY**

RECOVERY SCHEDULE

Line No.	Surcharge Report	Actual Recovery Year	Approved Recovery Amt	Actual Recovery Amt	Over / (Under) Recovered	Carrying Charges	Total Over / (Under)	Weighted Average Cost of Capital
1	2015	Oct-14 Sep-15	4,381,785	4,240,674	(141,111)	(10,879)	(151,991)	7.71%
2			\$ 4,381,785	\$ 4,240,674	\$ (141,111)	\$ (10,879)	\$ (151,991)	

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
ADDITIONS**

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2017	31,905,306	5,949,044	271,513	38,125,863
4					
5	Total Additions	<u>\$ 31,905,306</u>	<u>\$ 5,949,044</u>	<u>\$ 271,513</u>	<u>\$ 38,125,863</u>

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
RETIREMENTS**

<u>Line Number</u>	<u>Description</u>	<u>Mains</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
1	Current Year: 2017	\$1,284,082	2,197,532	172,245	3,653,860
4					
5	Total Retirements	<u>\$ 1,284,082</u>	<u>\$ 2,197,532</u>	<u>\$ 172,245</u>	<u>\$ 3,653,860</u>

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
DEPRECIATION EXPENSE

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant	\$ 30,621,224	\$ 3,751,512	\$ 99,268	
2	Depreciation Rates	2.09%	3.47%	8.30%	
3	Proforma Annual Depreciation Expense	\$ 639,984	\$ 130,177	\$ 8,239	\$ 778,400
4					
5	Current Year Change to Net Plant	\$ 30,621,224	\$ 3,751,512	\$ 99,268	
6	Depreciation Rates	2.09%	3.47%	8.30%	
7	Proforma Annual Depreciation Expense	\$ 639,984	\$ 130,177	\$ 8,239	\$ 778,400
8					
9	Depreciation Accrual to Accumulated Depreciation from Prior Approved Filing				\$ -
10	Accumulated Depreciation on Prior Additions (full years depreciation)				-
11	Accumulated Depreciation on Current Additions (half-year convention)				389,200
12					
13	Depreciation Accrual to Accumulated Depreciation				<u>\$ 389,200</u>

Kentucky PRP ADIT Calculation
FY2017

Line No		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sen	Total
1	Book Cost	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	2,872,667	34,472,003
2	Tax Cost	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	1,280,154	15,361,843
3	FXA01	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (1,592,513)	\$ (19,110,169)
5														
6	FXA01 Prorated	(1,457,269)	(1,326,367)	(1,191,113)	(1,055,858)	(933,653)	(798,436)	(667,547)	(532,292)	(401,401)	(266,146)	(130,692)	-	(8,761,005)
7	Deferred Rate	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	
8	FXA01 Tax Effected	\$ (431,899)	\$ (484,124)	\$ (434,756)	\$ (385,389)	\$ (340,798)	\$ (291,430)	\$ (243,655)	\$ (194,387)	\$ (146,511)	\$ (97,143)	\$ (47,775)	\$ -	\$ (3,197,767)
9														
10														
11														
12														
13	Book Depreciation	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	32,433	389,200
14	Tax Depreciation	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	61,954	743,448
15	FXA02	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 29,520	\$ 354,248
17														
18	FXA02 Prorated	27,013	24,587	22,080	19,572	17,308	14,801	12,374	9,957	7,441	4,934	2,426	-	162,403
19	Deferred Rate	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	
20	FXA02 Tax Effected	\$ 9,860	\$ 8,974	\$ 8,059	\$ 7,144	\$ 6,317	\$ 5,402	\$ 4,517	\$ 3,601	\$ 2,716	\$ 1,801	\$ 886	\$ -	\$ 59,277
21														
22	Incremental Deferred Inc. Taxes and Investment Tax Credits													\$ (3,138,490)
23	(excluding forecasted change in NOLC)													
24	Forecasted Change in NOLC													\$ 1,967,641
25														
26	Forecasted ADIT In Rate Base													\$ (1,170,849)
27														
28														
29	Calculation of Change in NOLC													
30														
31														
32	Forecasted Test Period													
33														
34	Net Change to Rate Base													38,172,848
35														
36	Required Operating Income													2,943,038
37														
38	Interest Deduction	38.8%												1,103,994
39														
40	Return on Equity Portion of Rate Base													1,839,046
41														
42	Return, grossed up for Income Tax	38.9%												3,009,895
43														
44	Tax Expense on Return	38.8%												1,170,849
45														
46	Change in ADIT, excluding forecasted change in NOLC													(3,138,490)
47	Required Change in NOLC													1,967,641
48														
49	Total Required Change in Accumulated Deferred Income Taxes ¹													(1,170,849)
50														
51														
52	ADIT Reconciliation													
53														
54														
55	Change in ADIT, excluding forecasted change in NOLC													(3,138,490)
56	Change in NOLC													1,967,641
57	Forecasted ADIT In Rate Base													(1,170,849)
58														
59	Total Required Change in Accumulated Deferred Income Taxes													(1,170,849)
60														
61														
62														

¹ Because the Company is in a NOLC position, the total change in ADIT must equal the tax expenses included in revenue requirement

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
DEFERRED INCOME TAXES

Line Number	Description	Mains	Services	Meters	Total
1	Net Change to Gross Plant - Book 2017	\$ 30,621,224	\$ 3,751,512	\$ 99,268	\$ 34,472,003
2	Repairs Percentage	26.57%	14.65%	14.65%	
3	Less: Repairs	\$ (8,135,947)	\$ (549,748)	\$ (14,547)	\$ (8,700,242)
4	Tax Basis Before Bonus	\$ 22,485,276	\$ 3,201,764	\$ 84,721	\$ 25,771,761
5	Bonus Depreciation %	80.90%	80.01%	80.01%	
6	Bonus Depreciation	\$ (9,095,164)	\$ (1,280,862)	\$ (33,892)	\$ (10,409,918)
7	Tax Basis	\$ 13,390,113	\$ 1,920,902	\$ 50,828	\$ 15,361,843
8					
9	FXA01 - Gross	\$ (17,231,111)	\$ (1,830,610)	\$ (48,439)	\$ (19,110,160)
10	Deferred Rate	36.50%	36.50%	36.50%	
11	FXA01 - Tax Effected	\$ (6,289,355)	\$ (668,173)	\$ (17,680)	\$ (6,975,208)
12					
13					
14					
15	Book Depreciation	\$ 319,992	\$ 65,089	\$ 4,120	\$ 389,200
16	Tax Depreciation	\$ 669,506	\$ 72,034	\$ 1,906	\$ 743,446
17					
18	FXA02 - Gross	\$ 349,514	\$ 6,945	\$ (2,214)	\$ 354,245
19	Deferred Rate	36.50%	36.50%	36.50%	
20	FXA02 - Tax Effected	\$ 127,573	\$ 2,535	\$ (808)	\$ 129,300
21					
22					
23	Calculation of Tax Depreciation				
24	Tax Basis	\$ 13,390,113	\$ 1,920,902	\$ 50,828	\$ 15,361,843
25	Tax Depreciation Rates - Year 1	5.00%	3.75%	3.75%	
26	Tax Depreciation 2017	\$ 669,506	\$ 72,034	\$ 1,906	\$ 743,446
27					
28					
29					
30					
31	Tax Rates				
32	Ad Valorem Tax Rate	0.765%			
33	Income Tax Rate	38.900%			
34	State Tax Rate	6.00%			
35	Federal Tax Rate	35.00%			
36	Uncollectible accounts expense	0.50%			
37	PSC Assessment	0.16%			
38	Gross Up Factor	1.6476			

ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
RATE OF RETURN

Line Number	Description	Percent	Cost	Weighted Cost
1	ST Debt	5.2%	1.25%	0.06%
2	LT Debt	45.7%	6.19%	2.83%
3	Equity	<u>49.2%</u>	9.80%	<u>4.82%</u>
4		100.0%		7.71%

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY
AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
O&M SAVINGS**

<u>Line Number</u>	<u>Description</u>	<u>Annual Savings</u>	<u>Cumulative Savings</u>
1	First year 2017 savings	\$ 22,954	\$ 22,954

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY
 AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
 RATE DESIGN

Exhibit I

Case 2015-00343

Line Number	Class of Customers	Rate	Total	Total Dollars	Customer / Ratio	Volumetric Charge Ratio	Revenue increase by Class	Budgeted Volumes	Budgeted Customer Counts	Customer Charge	Volumetric Charge
1	RESIDENTIAL (Rate G-1)				58.51%		\$ 2,889,054		1,867,805		
2	FIRM BILLS	\$17.50	1,865,637	\$32,648,648		67.42%				\$ 1.55	
3	Sales: 1-300	1.5340	10,286,921	\$15,780,137		32.58%					
4	Sales: 301-15000	0.9500	0	\$0		0.00%					
5	Sales: Over 15000	0.7400	0	\$0		0.00%					
6	CLASS TOTAL (Mcf/month)		10,286,921	48,428,785							
7	NON-RESIDENTIAL (Rate G-1)				24.01%		\$ 1,185,616		228,457		
9	FIRM BILLS	44.50	228,871	\$10,184,760		51.25%				\$ 5.19	
10	Sales: 1-300	1.5340	5,556,242	\$8,523,275		42.89%					
11	Sales: 301-15000	0.9500	1,227,661	\$1,166,278		5.87%					
12	Sales: Over 15000	0.7400	0	\$0		0.00%					
13	CLASS TOTAL (Mcf/month)		6,783,903	19,874,312							
14	INTERRUPTIBLE (G-2)				0.39%		\$ 19,173		154		
16	INT BILLS	375.00	125	\$46,875		14.59%				\$ 18.19	
17	Sales: 1-15000	0.8500	305,158	\$259,384		80.71%		264,791			0.0584
18	Sales: Over 15000	0.6405	23,620	\$15,129		4.71%		20,495			0.0440
19	CLASS TOTAL (Mcf/month)		328,778	321,388				285,286			
20	TRANSPORTATION (T-3)				7.96%		\$ 393,290		816		
22	TRANSPORTATION BILLS	375.00	833	\$312,375		4.74%				\$ 22.84	
23	Interrupt Transport: 1-15000	0.8500	5,382,091	\$4,574,777		69.39%		5,184,151			0.0526
24	Interrupt Transport: Over 15000	0.6405	2,662,778	\$1,705,509		25.87%		2,564,848			0.0397
25	CLASS TOTAL (Mcf/month)		8,044,869	6,592,662				7,748,999			
26	TRANSPORTATION (T-4)				9.13%		\$ 450,871		1,524		
28	TRANSPORTATION BILLS	375.00	1,451	\$544,125		7.199%				\$ 21.30	
29	Firm Transport: 1-300	1.5340	428,610	\$657,488		8.699%		442,944			0.0886
30	Firm Transport: 301-1500	0.9500	5,801,222	\$5,511,161		72.919%		5,995,232			0.0548
31	Firm Transport: Over 1500	0.7400	1,142,037	\$845,107		11.182%		1,180,230			0.0427
32	CLASS TOTAL (Mcf/month)		7,371,869	7,557,881				7,618,406			
34	Total Revenue			82,775,028	100.00%		\$ 4,938,003		2,098,755		

KY Revenue Requirement \$ 4,938,003

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY
 AS OF OCTOBER 2016 THROUGH SEPTEMBER 2017
 CUSTOMERS & VOLUMES

Line Number	Tariff	Description		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	
<u>Customers</u>																	
1	G-1	Residential	Fiscal 2017 Bud	152,783	153,746	156,788	157,099	158,600	158,600	157,325	158,000	156,386	154,383	151,926	152,170	1,867,805	
2	G-1	Commercial Firm	Fiscal 2017 Bud	16,853	17,083	17,584	17,490	17,731	17,857	17,541	17,652	17,210	17,073	16,740	16,828	207,622	
3	G-1	Public Authority	Fiscal 2017 Bud	1,523	1,521	1,536	1,521	1,557	1,538	1,526	1,541	1,537	1,537	1,482	1,507	18,327	
4	G-1	Industrial Firm	Fiscal 2017 Bud	209	209	209	209	209	209	209	209	209	209	209	209	2,508	
5																	
6	G-2	Commercial Interruptible	Fiscal 2017 Bud	2	3	3	3	3	3	3	4	2	2	2	2	34	
7	G-2	Industrial Interruptible	Fiscal 2017 Bud	10	10	10	10	10	10	10	10	10	10	10	10	120	
8	G-2	Public Authority Interruptible	Fiscal 2017 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
9																	
10	T-3	Transportation Interruptible	Fiscal 2017 Bud	68	68	68	68	68	68	68	68	68	68	68	68	816	
11	T-4	Transportation Firm	Fiscal 2017 Bud	127	127	127	127	127	127	127	127	127	127	127	127	1,524	
12				171,575	172,768	176,325	176,527	178,305	178,412	176,809	177,592	175,550	173,409	170,564	170,921	2,098,755	
13																	
14	<u>Volumes</u>																
15																	
16	G-2	Commercial Interruptible	Fiscal 2017 Bud	94	742	2,344	2,220	2,622	2,757	1,478	630	20	18	18	26	12,970	
17	G-2	Industrial Interruptible	Fiscal 2017 Bud	10,289	19,640	29,597	51,043	40,305	16,897	15,263	28,295	25,982	8,219	17,208	9,579	272,317	
18	G-2	Public Authority Interruptible	Fiscal 2017 Bud	-	-	-	-	-	-	-	-	-	-	-	-	-	
19																	
20	T-3	Transportation Interruptible	Fiscal 2017 Bud	579,442	683,827	690,320	658,702	741,752	709,034	713,716	618,283	617,748	584,643	546,248	605,284	7,748,999	
21	T-4	Transportation Firm	Fiscal 2017 Bud	526,711	606,837	634,640	660,828	877,099	797,986	759,045	603,975	553,460	535,404	530,204	532,217	7,618,406	
22				1,116,536	1,311,046	1,356,901	1,372,793	1,661,779	1,526,674	1,489,502	1,251,184	1,197,210	1,128,284	1,093,678	1,147,106	15,652,691	

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
2635 PRP, Marion To Fredonia Phase 1	Replace approximately 3.8 miles of bare HDPE & Distribution mains with 15,550' 2" HDPE, 12,850' 4" HDPE and 18,064' 2" PE. Replace Marion TD Station, Fredonia TB Station, 3 new Regulator stations. Approximately 85 Farm tees involved.	85	6,706,144	115,069		282,177		6,056			
	Contractor			115,069				6,056			
	Material			13,360	9,950						
	Overhead			26,204	1,196					1,217	
2734 PRP, Abner St.	Replace 2000' of Bare St. With 2" PE, IP, - Upgrade WKM to IP. Replace 20 services.	20	753,601			13,321		1,425			
	Contractor			27,075				1,425			
	Material			3,600	1,400						
	Overhead			6,166	281					286	
2734 PRP, C.C. Roosevelt and High St.	Replace 300' 2" Bare St., with 300' of 2" PE, IP. Replace 3 services.	3	18,067			882		214			
	Contractor			4,761				214			
	Material			540	210						
	Overhead			924	42					43	
2734 PRP, C.C. 6th and Blake	Replace 600' of bare 2" Steel with 600' of 2" PE IP. Replace 12 Services	12	47,361			2,405		855			
	Contractor			16,245				855			
	Material			2,160	840						
	Overhead			3,699	169					172	
2734 PRP, C.C. Edgewood	Replace 1500 feet of bare 2" & 6" LP steel with 1500 feet 2" PE, IP. Replace 12 services.	12	75,690			3,667		835			
	Contractor			16,245				835			
	Material			2,160	840						
	Overhead			3,699	169					172	
2734 PRP, C.C. Hwy. 73 and Parkway Dr.	Replace 1100' 2" Bare St., IP. With 1100' of 2" PE, IP. Replace 16 services.	16	57,690			2,850		1,140			
	Contractor			21,600				1,140			
	Material			2,880	1,120						
	Overhead			4,952	225					229	
2734 PRP, Park and 14th.	Replace, 14th. Ave., Chestnut St., 137th Ave., Park St., 6890' Bare St., IP., with 2" PE, I.P.; Replace 140 Services	140	654,623			33,528		9,975			
	Contractor			180,525				9,975			
	Material			25,200	9,800						
	Overhead			43,100	1,970					2,005	
2734 PRP, State St.	Replace State St., R. 11th. Ave., E. 10th. Ave. LP, with 2250' 2" PE, and 1700' 4" PE IP. Replace 66 services	66	680,014			34,887		4,763			
	Contractor			89,348				4,763			
	Material			11,880	4,620						
	Overhead			30,347	929					945	
2735 PRP, Doko Ash St., & Owens St.	Replace 11,125' 2" & 4" Bare St. LP., with 9450' of 2" and 1675' of 4" PE. Remove 6 LP, Reg. Stations. Replace 122 services	122	1,027,121			52,315		8,692			
	Contractor			165,158				8,692			
	Material			21,960	8,540						
	Overhead			37,611	1,717					1,747	
2735 PRP, Old Dardtown Rd.	Replace 6900' of 4" & 6" Bare LP., St., with 4400' of 2" and 2300' of 4" PE, IP. Remove 1 Regulator Station. Replace 33 Services	33	726,437			37,314		2,776			
	Contractor			71,749				2,776			
	Material			9,540	3,710						
	Overhead			16,239	746					759	

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
2777 Harrodsburg South Harmon Ave.	Replace 8750' of 2" and 5,000' of 4" Bare SH, IP. With 2" & 4" IP. PE. 335 Services Replaced.	335	1,525,876			71,129					
	Contractor			453,506				23,869			
	Material			60,389	23,430						
	Overhead			103,273	4,713			4,798			
2777 Springfield To Colway 6" SH - Phase 1	Replace 7.6 miles of 6" and 6.7 miles of 4" IP Steel and install approximately 15.2 miles of 6" IP Steel.		4,746,084			78,060					
	Contractor										
	Material										
	Overhead										
2738 PRP South Central/Carnation	Replace 5,781' Bare 1.7" min S. Central Ave., Holshick St., S. Court, Logan St. and Wellington Ct. Replace Bare main with 3,300' 2" & 2,481' 4" IP PE., Carnation St., the Heintzel St., & Hill St. Replace 67 services.	67	552,754			27,949					
	Contractor			90,701				4,774			
	Material			12,090	4,690						
	Overhead			20,635	943			969			
2738 PRP. Columbia and Gowdy St.	Replace 5,773' Bare main with 4,993' 2" and 1,182' 4" IP PE. S. Columbia Ave., Gowdy St., Taylor Ave., Risco Ave., Dell Ave. Retire 112 services.	112	535,742			27,622					
	Contractor			151,636				7,080			
	Material			20,169	7,840						
	Overhead			34,528	1,576			1,604			
PRP 2734 C.C. Mimsos Alley	Replace 888' of 2" Bare LP steel with 900' 2" PE IP. Remove 1 L.P. Reg Station. Replace 7 services.	7	109,897			5,735					
	Contractor			9,476				409			
	Material			1,269	496						
	Overhead			2,153	98			100			
PRP. 2734 Montague Ave. Liberty	Replace 4,090' of Bare SH, with 2" PE, on Liberty St., Montague Ave., Franklin St. Replace pole Mounted Regulator Station. Replace 67 services.	67	352,088			17,918					
	Contractor			90,701				4,774			
	Material			12,060	4,699						
	Overhead			20,652	943			969			
PRP.2635.Delwin St	Replace 1,031' of 2" Bare IP Main with 1378' of 2" PE IP on Delwin St. from Lench St. to 2" PE over Ergon St. Replace 35 services.	36	61,763			3,109					
	Contractor			48,755				2,565			
	Material			6,180	2,420						
	Overhead			11,828	507			516			
PRP.2635.Durby St	Replace 280' of 2" Bare IP Main with 2" PE IP on Durby St. Retire 4 services.	4	19,929			1,022					
	Contractor			5,145				285			
	Material			790	280						
	Overhead			1,233	56			57			
PRP.2635.Merion North East	Replace 10,189' of 2" bare IP SH. With 2" IP PE on Old Shady Grove Rd., E. Bellville St., S. Walker St., Oak St. Retire 77 services.	97	695,588			34,976					
	Contractor			121,514				6,911			
	Material			17,100	6,799						
	Overhead			39,604	1,365			1,359			
PRP.2635.Merion South	Replace on South Main 2872' of 4" IP SH, with 4" IP PE, 3976 of 2" IP SH. on Leland Ave. and Leland Ct. with 2" IP PE. Retire 69 services.	60	467,258			23,189					
	Contractor			41,525				4,375			
	Material			10,800	4,200						
	Overhead			18,497	844			859			

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation		Cost of Removal		Retirements	
			Main	Meters	Main	Meters	Main	Meters
PRP.2635.North Franklin St.	Replace 440' of 2" bare IP Main with 475' of 2" PE IP on North Franklin St. Replace 9 services.	9	24,068		1,197			
	Contractor			12,184			611	
	Material			1,420	630			
	Overhead			2,775	127		129	
PRP.2636.E. 20th St.	Replace 450' of 2" Bare IP Sid. With 2" PE IP, Replace 12 services.	12	18,242		902			
	Contractor			16,245			855	
	Material			2,160	840			
	Overhead			3,637	160		172	
PRP.2636.K. 22nd St.	Replace 1341' 3" Bare SI Ip with 2" PE IP on E 22nd St. Replace 32 services.	32	46,707		2,261			
	Contractor			43,330			2,230	
	Material			5,760	2,240			
	Overhead			9,865	150		455	
PRP.2636.West 3rd St	Replace 5255' of Bare 2" & 4" LP Sid., W. 3rd St., from Poplar St. to 14th Ave. Install 2135' of 6" IP PE. Install 2120' of 2" PE on Castle St., Monarchs St., Prayser Ave., Orchard St. Plum St. Replace 108 services.	108	404,444		19,147			
	Contractor			146,205			7,605	
	Material			19,436	7,560			
	Overhead			33,269	1,520		1,547	
PRP.2636.West 5th St	W. 5th, W. 7th, St. cleanup from LP to IP, Install 2573' of 2" IP PE on Elm St., Walnut St. Install 2103' of 6" IP PE on W. 5th St. Pauler St. Replace 70 Services.	70	365,592		17,292			
	Contractor			94,763			4,088	
	Material			12,600	4,900			
	Overhead			21,380	985		1,002	
PRP.2637.Cardinal Point Apts.	Replace 2500' of 2" SI & 4" Bare IP Sid. with 1600' 2" & 900' 4" PE IP Cardinal Point Apt Complex, Clay St between N. 77th & 28th. Replace 52 services.	52	190,804		9,487			
	Contractor			70,395			3,705	
	Material			9,269	5,640			
	Overhead			16,031	732		745	
PRP.2637.Glenwood Dr.	Replace 4870' of Bare 2" & 3" IP with 2" PE IP Sid. Glenwood Dr., Glenwood Ct., Cloverdale Rd., Beechdale Rd., Avonlea Dr., Fairwood Dr., Danville Rd.. Replace 273 services.	273	872,181		41,018			
	Contractor			369,474			19,451	
	Material			49,140	19,110			
	Overhead			84,161	3,841		3,910	
PRP.2637.Lake City	Replace 4461 feet of 2 inch steel transmission and 6947 feet of 4 inch steel transmission with 14,700 feet 6 inch SI. and 11,000 feet 2 inch HDPE. Reconnecting to 2 existing Regulator Stations and installation of 1 new Regulator Station. Replacing aged transmission assets with HDPE assets. Replace 75 services.	25	4,337,156		174,574			
	Contractor			33,844			1,781	
	Material			4,500	1,750			
	Overhead			7,297	352		358	
PRP.2637.Lone Oak HWY 45	Replace 2100' of 4" steel, (1955 pipe) and 40 services from Cave Thomas to Friendship Road. There are 4 leaks on this section of pipe under the new highway. The new pipe will be located in the grassy area parallel to the highway. Replace 40 services.	40	450,724		14,125			
	Contractor			54,150			2,850	
	Material			7,300	2,800			
	Overhead			12,221	563		573	
PRP.2637.N.32nd Clay St.	Replace 1730' of 2" and 4725' of 4" Bare IP Sid with 2" & 4" IP PE N.32nd St. Pines Rd. to Clay St., Clay St. N.28th St. to N.32nd St., Pines Rd. and Central Ave. Replace 73 services.	73	552,799		25,947			
	Contractor			101,331			5,344	
	Material			13,500	5,250			
	Overhead			25,121	1,055		1,074	
PRP.2637.River Oaks	Replace 4917' of 2", 1792' 4" & 780' 6" Bare IP Sid with 2", 4" & 6" IP PE River Oaks Blvd, Spring St., Munich Ave, Lonia Ln, Ruckser Ave., and N 32nd Pines Rd to Manhigh Ave. Replace 150 services.	150	587,148		29,718			
	Contractor			203,053			10,688	
	Material			27,600	10,500			
	Overhead			46,243	2,111		2,148	

ATMOS ENERGY CORPORATION
 KENTUCKY PIPE REPLACEMENT PROGRAM
 SURCHARGE CALCULATION OF FORECASTED ACTIVITY

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installations			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2638.S.10th.St.	Replace 700' of bare 2" IP GI. With 700' of 2" IP PE. on S. 10th St. Replace 8 services.	8	57,876			2,733					
	Contractor			10,830				590			
	Material			1,440							
	Overhead			2,466				115			
PRP.2734 7th. And White	Replace 2500' of bare St. IP. on W. 7th. St.,Rhea Blvd. with 4" PE. IP. Replace 39 Services.	39	331,682			16,501					
	Contractor										
	Material										
	Overhead										
PRP.2734 C.C. ClairAve. And Hwy 31	Replace 1500' bare St. IP. with 1500' of 2" PE. IP. Replace 16 Services	16	70,457			3,484					
	Contractor			21,650				1,140			
	Material			2,830				1,120			
	Overhead			4,933				229			
PRP.2735.6th and Main	Replace 4,459 ft of bare IP steel with 2,200 ft of 4" and 2,259 ft of 2" PE IP. Replace 44 services.	44	430,362			21,083					
	Contractor			59,565				3,135			
	Material			7,030				3,080			
	Overhead			13,564				630			
PRP.2735.Broadway and Kentucky	Replace 10,390 ft of 4" bare steel with 1,800 ft of 4" and 8,590 ft of 2" PE IP. Remove 1 LP reg station. Replace 83 services.	83	941,587			47,667					
	Contractor			115,060				6,036			
	Material			15,301				8,950			
	Overhead			26,204				1,196			
PRP.2736.Hope.St.	Replace 2,760 ft of 4 in. bare steel with 710 ft of 4 in. HDPE and 2,050 ft of 2" at east ninth street between Hope and Grant Street. Replace 33 services.	33	257,720			13,392					
	Contractor			44,674				2,551			
	Material			5,940				2,330			
	Overhead			36,173				473			

**ATMOS ENERGY CORPORATION
KENTUCKY PIPE REPLACEMENT PROGRAM
SURCHARGE CALCULATION OF FORECASTED ACTIVITY**

2017 PROJECT DETAILS

Projects	Project Description	No. of services	Installation			Cost of Removal			Retirements		
			Main	Services	Meters	Main	Services	Meters	Main	Services	Meters
PRP.2736 Kirkman.Dryum.Liberty	Replace 16,196' of bare 2" & 4" LP steel with 8,355' of 2" PE and 7,790' 4" PE IP Virginia St. from E 9th to E 22nd St., Clay St. from E. 9th. To E. 18th. St., Kirkman sq., Hopper Ct., Wyman St., Liberty St., Bryan St., E. 9th St. E. 14th. St. E. 16th. Reinforce 261 services.	263	1,293,063	356,036	47,340	18,410	64,515	18,729			
	Contractor			81,029		3,291		3,266			
	Material										
	Overhead										
PRP.2737 E.Main St	Replace 4000' of bare 2" SH IP with 4000' 2" PE IP E. Main, Symons, East Court, Peach, Maple, E.Mill, Depot Streets. Reinforce 59 services.	50	491,126	67,688	9,099	3,589	23,104	3,563			
	Contractor			15,414	704		716				
	Material										
	Overhead										
PRP.Greenville.Fruitbill	Replace 2 miles of 4" steel with 10,917 lb of 4 in. HDPE leaving Greenville towards Fruitbill - Replace 12 services.	12	908,839	16,345	2,160	840	40,479	825			
	Contractor			3,029	169		172				
	Material		0								
	Overhead		0								
	Contractor		0								
	Material										
	Overhead										
	Contractor		0								
	Material										
	Overhead										
	Contractor										
	Material										
	Overhead										
	Contractor										
	Material										
	Overhead										
Total specific budgeted projects & bare steel functional			31,995,306	4,929,973	234,351	1,338,679	228,561				
Non specific bare steel functional				1,028,972	46,962		47,801				
Total budgeted 2017 projects			31,995,306	5,948,944	271,313	1,338,679	276,361		51,294,692	2,197,532	172,245